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Copper Mine Values

How to Get at Earning Power and Intrinsic Worth

By "Snave"

IN concluding my previous article in THE TICKER, I mentioned, in a few words, some of the salient points an investor in copper stocks should always have before him. I shall now present more in detail just how to proceed to obtain intelligent information bearing on any copper stock that may be considered as an investment or speculation.

In the first place let it be thoroughly understood that most of the great fortunes made in copper stocks were all due to their owners becoming identified with the propositions at their inception, when the stocks were issued at a very low price, and then having the patience and faith to wait, several years perhaps, for the result which their investigations and business insight indicated would follow. It is this quality of faith (backed up by intelligent investigation to secure the facts of progress from time to time) which brings its reward. I cannot too strongly emphasize the importance of investigation; if a company is honestly managed it should always be ready and willing to furnish its stockholders with facts, and if an investor cannot secure the proper data upon subjects he is entitled to, then there is generally something wrong somewhere.

When the public is invited to become subscribers to a mining stock issue, the personality of its officers and directors should always be carefully noted, remembering that State Governors and other political officials do not always guarantee success. Also, it is well to remember that you very rarely get something for nothing, so that an offer of a stock at a fraction of its par value in most cases does not prove as attractive in the long run as a fully paid-up stock, and it is much better, from a financial point of view, to have 100 shares of stock purchased at $5.00 a share, capable of being sold readily in the market for $500, than to have 500 shares, par value $5.00 or $10.00, which may have been purchased at $1.00 a share, but which will realize only a fraction of their cost should a sale be desired. This would be an example of quantity against quality.

The object of securing stock subscriptions to any mining enterprise should be to procure what capital is necessary to carry on the work to a producing basis, allowing a small surplus for working capital, and then return to its stockholders as large dividends as are consistent with its earnings, retaining, perhaps, sufficient to allow the purchase of other lands or companies of promise, and always having in mind the fundamental

idea that the value of a mine depends upon its ore reserves. Capital invested in mining stocks is entitled to a quicker and larger return in the form of dividends than other classes of securities on account of the greater risk.

Therefore, in considering copper stocks as an investment, remember that the par value of the stock cuts no figure whatever, but the number of its shares and the earning power per share are what have to be taken into account. So many people will ask, in speaking of a copper stock, "What is its par value?" and when told that it may be $15 or $25 and they find the stock selling in the neighborhood of $100 a share, they will say it is too high and will have nothing to do with it. The fact that the company may be earning and paying $6.00 a share does not, to them, seem to possess any significance.

Take an example, say the North Butte Mining Co., which has a present production of about 3,500,000 pounds a month, or at the rate of 42,000,000 pounds a year. It has 400,000 shares of stock issued (par $15), so the production is at the rate of about 105 pounds of copper per share per year. This company also has a low cost, being reported as low as 7½c. per lb. However, this is evidently too low as the company is at present operating, and 8½ to 9c. per lb. cost would doubtless be nearer the true figure. This cost would be obtained after crediting the copper cost with the gold and silver values, which, in some cases, amount to a considerable figure. Assuming the North Butte is obtaining 12½c. per lb. for its copper, it would give us about 4c. per lb. profit, which, on the 105 pounds per share equals $4.20. This is about the rate now being returned to the stockholders ($4.00 a year), which accounts for the stock selling in the neighborhood of $65 to $70 per share. The weak point in this is that North Butte is just about earning its dividend, and its surplus is not as large as a company of its magnitude should have. Based on North Butte's present production an increase of 1c. per pound obtained on a year's business, means $1.00 increase in earnings applicable to dividends. Or, *vice versa*, a maintained decrease of 1c. per lb. in the cost of production on the same amount, means an increase of earnings of $1.00 a share.

Another example is the Calumet & Arizona Mining Co., which is producing at the rate of about 2,500,000 pounds a month, or 30,000,000 pounds a year. This company has 200,000 shares issued of $10 par value. Therefore it is producing at the rate of 150 pounds of copper per year per share, at a cost of about 9c. per lb. after crediting the gold and silver values. Assuming the company is securing 12½c. per lb. for its copper would give earnings of 3½c. per lb., or, on the 150 pound per share produced, $5.25. It is, in fact, returning dividends at the rate of $4.00 a year. It will be seen that the Calumet & Arizona is even better prepared to increase dividends than North Butte, which accounts for the C. & A. stock selling around $100 a share. In this case we have a lower production on a still lower capitalization, or number of shares, with mining costs practically the same. Therefore, any sustained increase in price obtained for copper, or decrease in cost of production means, on a 1c. basis, an increase in earning power of $1.50 per share per year, based on present production.

"Take the Utah Copper Co. which has, or will have after its few outstanding convertible bonds are converted, 750,000 shares of $10 par stock issued. This company is now reported to be producing at a rate of 60,000,000 pounds a year, or about 80 lbs. per share per year. The cost of this production should be conservatively, not over 8½c. per pound, and may before many months be in the neighborhood of 8c. per pound. The cost of refined copper to this company, for a period of eighteen months ending December 1908, was 8.85c. per pound. This was on a lower production than they are now capable of; hence it is reasonable to assume a cost for the present year of 8½c. to 8c. However, figuring 8½c. cost against 12½c. selling price will give us 4c. per pound or $3.20 a share profit. Utah is at present returning $2.00 a share to its stockholders annually, and while its present earnings are over $1.00 a share more than this, yet the production which permits of this profit has only been effective for

several months, and the rate will have to be maintained for the balance of the year to earn this amount per share based on present selling price of the metal. Of course, any change in the price of copper will affect this profit, provided such advance is sustained long enough to affect the monthly averages, in which case Utah, as well as all other coppers could add to their dividends in proportion to their output per share, $1 per 100 pounds of output per share for each 1c. advance in price.

The Utah Copper Co. is a tremendous proposition and large sums from earnings as well as from the sale of bonds, have been diverted into the property. This policy has borne fruit in a quick and profitable rise to a producer of the first rank. It will be profitable to watch the operations of this company for decreased costs and efforts toward a larger production. Based on a production of 100,000,000 pounds (not beyond reason within a few years), at a cost of 7c. per pound which should be obtained on such a production, we can see where Utah will be producing 135 pounds of copper per share per year, which on a 13c. basis would give 6c. per lb. or $8.10 per share profits. Figure out what a higher market means, not only to Utah but to all standard producing coppers, but first of all get your line of reasoning set based on conditions of to-day and start from there.

Take an example of a newer copper promotion which is not yet a dividend payer—the Miami Copper Co. This company was promoted under the best of conditions, the personnel of its management was of a high order and the greatest publicity was given all of its affairs. Its stock was originally offered at $5.00 or par, and eagerly absorbed. The subscribers have good reason for congratulations, as in about a year's time their stock has trebled in market value. The Miami also found it expedient to offer additional stock at $10 a share, which was taken readily. Purchasers at $10 have seen a 50 per cent. increase in the market value of their stock. An investigation of this company's prospects would have indicated good ore bodies, with sufficient development work done on same to guarantee a tonnage which should enable the company to produce at a rate which will return a good rate of dividend. The issuing of additional capital was no draw-back, as it was for the purpose of enlarging the work and securing quicker returns from its operations.

Some mining companies issue bonds, either a straight bond or a convertible. The bonds, especially the convertible, are often an excellent investment, as, if the company is in good hands and conditions warrant it, they not only draw interest from the start but offer large advantages through enhancement of the market value of the stock into which they are convertible. A bond issue on a mining proposition, although not especially favored by investors, is not necessarily a detriment to it. It all depends on the merits of the enterprise itself, and if issued to procure funds quickly for the pushing of the work, such as the bonds issued by the Utah Copper Co. and the Nevada Consolidated, there can be nothing but praise for the method adopted to raise additional funds when the results following the use of the money are considered. But there are bonds of other types and issued under different conditions, and discrimination and care must be used in their selection as an investment.

As the permanent success of a mining company depends upon its ore reserves, it is necessary for an investor to thoroughly post himself on this point. The fact that one company has large ore bodies does not insure the existence of the same conditions for other promotions, even in the immediate locality. This is the play made by scores of mining promotors, which, combined with the cupidity of human nature, accounts for the millions of good dollars which have been exchanged for millions of worthless stock certificates. One success breeds many imitators at catch-penny rates, yet it is a fact that the United Verde Copper Co. has all the available workable ore bodies in its vicinity, and a number of promotions whose sole claim to anything legitimate has been that the Verde was their neighbor, have proved utterly without value. Even the Utah Copper Co., with its immense tonnage of ore blocked out,

does not claim that their entire property is workable. An immense amount of it is; more probably can be made to pay under the improved methods of mining which are bound to come, but, all in all, there is a well defined zone of all the ore bodies in the immediate locality.

It should be remembered that a photograph of a man on mule-back with a chain of hills for a background, while it may be a good study in perspective, does not constitute a mine. Neither can ore bodies be estimated by digging a 40-foot well on a property and calling it a "shaft," but when a competent engineer reports the existence of ore bodies and sufficient exploratory work verifies his predictions, and the average of numerous samples indicates a workable grade of ore, then the individuals interested have good grounds for asking the public to subscribe in order to raise funds to proceed with the work.

In one case you are not even gambling—you are throwing your money away; while in the other you are simply taking a business risk.

If a company can tell you that they have 5,000,000 tons of ore in sight running 1½ per cent. copper to the ton, you can see that there is a value in the ground of 150,000,000 pounds of copper, which, with a profit of, say 3c. per pound, would mean earnings of $4,500,000. Say your company was capitalized for $5,000,000, there would be 90 per cent. of this capital in sight, with more probably as further development proceeded.. So you may be justified in investing in such a proposition, remembering that you should watch carefully to see that the capital is used for actual work on the property, and that reports continue to show the richness and extent of the ore bodies. As development proceeds and more ore is blocked out, you can from time to time determine, by taking the per cent. of copper contained in the ore, the value of such ore bodies. You may have to wait several years for any dividend return, yet, if aggressive and intelligent work is done to insure a speedy production, you can rest assured as to the safety of your investment. It should also be remembered that once funds are obtained, no time should be lost in proceeding with the object for which such funds were subscribed as a relapse into a state of oblivion usually indicates a lingering death.

Take the suppositious case just mentioned. Suppose there were 1,000,000 shares issued for $5 par, and development work showed an ore body of the size indicated with good prospects for a still larger tonnage. A production of 20,000,000 pounds a year would mean 20 pounds of copper per share, which would mean a profit per share, at 3c. per pound net, of 60c. This is 12 per cent. on the par value, which rate would cause a rise in the price of the stock. These figures are conservative. Your stock may have been offered at $4 a share or the number of shares may not have been as many as I have stated. All of which increases the earning quality of the individual share. But these matters are anticipated in the stock market, which accounts for the fact that copper stocks of merit sell above their par value, and substantiates the statement that the greatest fortunes are made by taking on stocks when they are low, provided they possess merit. But money can be made in copper stocks, also, after the initial stages are passed, by pursuing a common sense course.

A point to watch is the per cent. of copper contained in the ore; most copper ores are low grade; some of the most successful copper mines of the world are low-grade, running 1½ to 3 per cent. copper per ton of ore. But is it not obvious that a mine with 1,000,000 tons of 3 per cent, ore blocked out has a higher potential value than one with the same quantity of 1½ per cent. ore? The average value is what counts.

Most mines have veins or particular areas which run higher than others, and sometimes it is not policy to run out all the high-grade ore by itself. It is generally mixed with a low grade to establish an average. This is done to maintain a uniformity of operation; also, by combining high-grade ore with low-grade, the latter can be worked off to advantage, whereas by itself it might not be profitably worked at all.

For instance, the Utah Copper Co. is at present using up a portion of the low grade capping which they have to remove to get at the better class of ore. Figure

out what it means when they do not have to do this. Again, a mine may be able to produce from its low-grade ore at a profit, and will do so when prices are low, even at a higher cost and decreased production, preferring this rather than run out its high-grade ore to secure greater production at the low price. This is the policy of the Calumet & Arizona at present. Then, when prices are higher they will be able, with the same facilities, to work the high grade and secure greater production at much larger profit.

Again, some mines prefer to work off their low-grade material when prices are high, taking advantage of the high prices to offset the increased cost at the mines. Therefore it will be seen that there are different plans followed, depending upon conditions at the mine and the judgment of its officials. The working of different grade ores accounts, in a measure, for the discrepancies which appear in the costs of mining from time to time, with the same mine, as, with a lower grade, to secure the same net copper output, more ore must be handled, which increases cost.

In examining the accounts of any mining company it should be carefully noted what earnings or proportion of capital invested is going back into the property in the way of development, such as building of smelters, furnaces, concentrators, acquisitions of additional properties, and other essentials for a first-class outfit. The result of money expended in tunnel work, stripping, and exploratory work in general, should show an increase in ore bodies, and the extent and richness of such discoveries should always be a factor in determining the value of the property. As work progresses to the point where copper is actually being shipped, the amount of ore treated per day, week or month will give an idea of the refined copper output.

Taking the known ore bodies in tons and dividing the yearly rate of ore treatment will give an idea of how long the measured or estimated ore bodies will last, and this rate of ore treatment will also show the yearly production of refined copper. From this, after the cost of production has been obtained, the earning power can be calculated. The earning power will indicate what dividends may be expected, although these may not be forthcoming immediately they are earned. It may be the policy of a company to fortify itself against the future by acquiring control of other properties owning ore reserves, or funds may be necessary to still further enlarge the work on their own property, which may be of sufficient magnitude to warrant the erection of a smelter. All copper mines do not have their own smelters. They are expensive to erect and maintain, and, usually, they are found only in localities where sufficient ore can be provided by a number of mines to keep the smelter running to capacity for a long period. This is what is called "custom smelting" and affords a source of income to the owners of a smelter above their own mining profits.

In securing the cost of producing copper it is essential that this cost be that which covers the mine expenses, plus freights, refining and selling charges, so as to make the cost f. o. b. New York. This is necessary on account of the fact that nearly all copper, except that mined in the Lake Superior region, known as "Lake" copper, is refined on the Atlantic seaboard. When it comes from the mine or mine smelter it is not in shape for commercial use, but may be in the form of the ore itself, or, more generally, what is known as "matte" or "blister." This "matte" or "blister" is refined electrolytically by the refineries mentioned and constitutes what is known in the trade as "electrolytic" copper, deriving its name from the process of refining. At the refineries it is cast into the different forms called for by the trade. The selling is usually done by the large and recognized agencies in New York City, who are all closely allied with the refineries. The cost of eastward freight, refining and selling commission, may, with safety, be taken as 1½ to 2c. per pound, depending upon conditions, such as distance from the Coast, which governs freights, and the per cent. of copper contained in the "matte" or "blister." The higher this percentage runs the less refining work is necessary, etc. Therefore, if you have

only the mining cost, add to it the above cost to secure the total before any comparison can be made as to the earnings.

As the purpose of The Ticker is educational, no specific recommendations will be made here as to the merits or any particular copper stock. Investors must be taught to think for themselves; in this lies their safety, provided they are directed into the right way of thinking. Hence, the language I have here used is plain and stripped of all technical references, and should be readily comprehended.

Get the facts.

Have faith and patience. Do not expect something for nothing, but remember that in mining stocks it is possible, sometimes, to get considerable for little.

Do not look up to see how high a stock has sold; it may never earn enough to pay the dividends it did when it sold at its high figures.

See what it is earning to-day based on a 13c. copper market, by taking its production and costs. Then follow the plan I have outlined.

Get facts on ore reserves, and per cent. of copper per ton of ore.

Remember, every ton of ore taken from a mine, decreases its value, and the beginning of the end is only in proportion to the ore reserves. *Every dollar of value in a mine is there when the first shovel full of dirt is dug.*

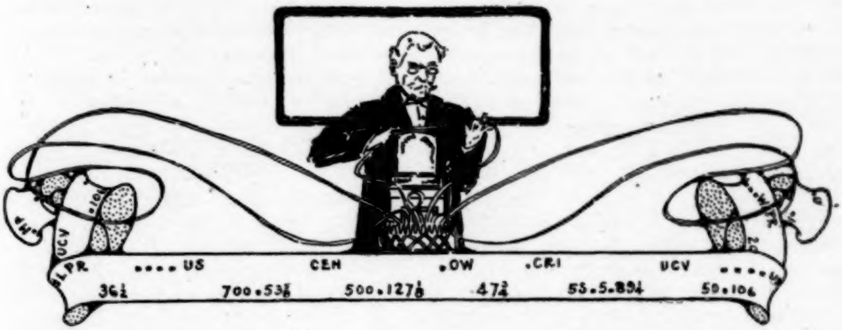
When I say that the par value of a mining stock cuts no figure I mean when you take the market prices of to-day. Many copper stocks are to-day selling at as high figures as the future for the metal warrants for some time to come. Figure it out. Some stocks have a future before them and on a 13c. market can earn handsome dividends even at present prices. Others are in the embryo state and have a big future. Remember that a 13c. copper market is not bearish for some stocks, and anything over this is bullish for all. But do not take up a stock which looks cheap now compared with what it sold at during the inflated period of 25c. copper, and expect it to sell up to that point again, as you may be mistaken. We are looking toward the future—not the past. These highpriced copper stocks all sold much lower and those who bought them at the low prices and still have them, will get very handsome returns on a 13c. market.

But I can find no good reason for expecting the copper metal to sell at a price which will return 8 to 10 per cent. or more on the present selling prices of certain stock, when by so doing the original investors would be obtaining 50 to 100 per. cent. on their investment a year, even admitting that mining stocks are hazardous and should return a higher dividend rate. With the common use of copper and its worldwide and increasing production, it ceases to be a semi-precious metal and should take its place among commodities whose manufacture is entitled to a fair profit.

Copper at the present writing, as far as consumption is concerned, is better, as should be natural in the spring of the year. The better feeling in other lines of industry has strengthened the belief that copper, if it does move, should move up. A fairly large amount of copper was bought in April for early deliveries, by people who can afford to carry it over several months pending receipts of orders to put it into consumption. The selling agencies very wisely took the course of preserving a stability of prices in April, which inspires a certain degree of respect and confidence among buyers. In view of the statistical position of the metal any attempt to raise the price would have met with a subsidence of purchasing power and the resultant cut in price would have been met with further resistance by the buying power. The price of copper weakened the latter part of April in this respect, that whereas early in April it was rather difficult to secure prices on copper for delivery beyond July 1st, the latter part of April saw all the sellers willing to sell for August delivery at 12¾ per cent. This would indicate that there will be no large increase in the price of copper for the next four months. The Engineering & Mining Journal average, which is the basis for settlement with many mines with the refineries, for the first few months of 1909 was 12.95c., so it can be easily figured, by the method outlined in this article, just where the several mining companies stand as to profits, based on production and costs.

Exports continue on an enormous scale, which places copper in a bad light statistically, as consumption outside the states is not up to the point of absorbing all the surplus copper. However, these exports are useful in figuring the domestic surplus by the Produce Association.

Rumors of consolidation of numerous important copper interests seem to have no foundation in fact. Many of the larger producers, refineries and selling agencies, are now so closely allied through stock ownership and community of interests, that it would seem superfluous to attempt any further consolidation. If such a plan can be put into a practical shape, the time to do it is when consumption has approximated the production and copper may have reached a higher price through natural causes, and not when the surplus is as large as it is now and production exceeds demand. To attempt to take the consumer by the throat now would mean failure. Later on such a plan doubtless would be to the advantage of the industry if adopted with the view of a preservation of a stable and fair price, which all consumers of copper would welcome.



Studies in Tape Reading

By Rollo Tape

Author of "Powers Behind the Market," "The Machinery of Manipulation," &c.

VIII. The Use of Charts as Guides and Indicators

MANY interesting queries have been received by THE TICKER relating to the use of charts. The following is a representative communication:

"Referring to your figure chart explained in Volume 1, I have found "it a most valuable aid to detecting "accumulation or distribution in "market movements. I have been "in Wall Street a number of years, "and like many others have always "shown a skeptical attitude toward "charts and other mechanical methods of forecasting trends; but after "a thorough trial of the chart on "Union Pacific, I find that I could "have made a very considerable sum "if I had followed the indications "shown. I note your suggestions to "operators to study earnings, etc., "and not to rely on charts, as they "are very often likely to mislead. I "regret that I cannot agree with "you. You have often stated that "the tape tells the story; since this "is true, and a chart is but a copy "of the tape, with indications of ac-

"cumulation or distribution, as the "case may be, why not follow the "chart entirely, and eliminate all un-"necessary time devoted to study of "earnings, etc.?"

Let us consider those portions of the above which relate to Tape Reading, first clearly defining the difference between chart operations and tape reading.

The genuine chart player usually operates in one stock at a time, using as a basis the past movements of that stock and following a more or less definite code of rules. He treats the market and his stock as a machine. He uses no judgment as to market conditions, and does not consider the movements of other stocks; but he exercises great discretion as to whether he shall "play" an indication or not.

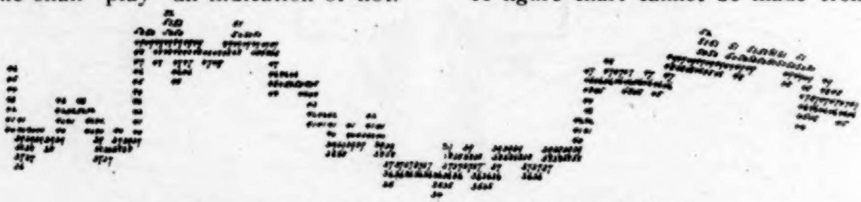


Figure Chart of Amalgamated Copper During the 1903 Panic

The Tape Reader operates on what the tape shows *now*. He is not wedded to any particular issue, and, if he chooses, can work without pencil, paper or memoranda of any sort. He also has his code of rules—less clearly defined than those of the chart player. So many different situations present themselves that his rules gradually become intuitive—a sort of second nature is evolved by self-training and experience.

A friend to whom I have given some points in Tape Reading once asked if I had my rules all down so fine that I knew just which to use at certain moments. I answered him thus: When you cross a street where the traffic is heavy, do you stop to consult a set of rules showing when to run ahead of a trolley car or when not to dodge a wagon? No. You take a look both ways and at the proper moment you walk across. Your mind may be on something else or you may be reading your newspaper while crossing—your judgment tells you when to start and how fast to walk. That is the attitude of the trained Tape Reader.

The difference between the Chart Player and the Tape Reader is therefore about as wide as between day and night. We do not see how the chart follower could mix Tape Reading with his art without making a hodge-podge of it. But there are ways in which the Tape Reader may utilize charts as guides and indicators and for the purpose of reinforcing his memory.

First, as our correspondent says, the Figure Chart (see TICKER, Vol. 1, No. 4) is unquestionably the best mechanical means of detecting accumulation and distribution. It is also valuable in showing the main points of resistance on the big swings.

A figure chart cannot be made from the open, high, low and last prices, such as are printed in the average newspaper. We recall but three publications from which such charts may be constructed; viz., the official N. Y. Stock Exchange list, published by F. E. Fitch, 47 Broad St., N. Y.; the N. Y. *Evening Sun*, and the *Wall Street Journal*. For general accuracy, reliability and economy, we prefer the Evening *Sun*, which costs, postpaid, only 20 cents a month, or $2 a year.

We produce a Figure Chart of Amalgamated Copper showing movements during the 1903 panic and up to the following March (1904). It makes an interesting study. The stock sold early in the year at 75⅝ and the low point reached during the above period was 33⅝. The movements prior to those recorded here show a series of downward steps, but when 36 is reached, the formation changes, and the supporting points are raised. A seven-point rally, a reaction to almost the low figure, and another sixteen-point rally follow.

On this rally the lines 48-49 gradually form the axis and long rows of these figures seem to indicate that plenty of stock is for sale at this level. In case we are not sure as to whether this is further accumulation or distribution we wait until the price shows signs of breaking out of this narrow range. After the second run up to 51 the gradually lowering tops warn us that pressure is resumed. We therefore look for lower prices.

The downward steps continue till 35 is touched, where a 36-7 line begins to form. There is a dip to 33⅝, which gives us the full figure 34, after which the bottoms are higher and lines commence forming at 38-9. Here are all the earmarks of manipulative depression and accumulation—the stock is not allowed to rally over 39 until liquidation is complete. Then the gradually raised bottoms notify us in advance that the stock is about to push through to higher levels.

Subsequent steps and supporting points "look up," till a clean double top is made at 52 where considerable stock is fed out. This is followed by a normal reaction to 43⅛—a low point not touched again for three years.

Now if the Figure Chart were an infallible guide no one would have to learn anything more than its correct interpretation in order to make big money. Our correspondent says, "after a thorough trial of the chart on U. P. I find that I could have made a very considerable sum if I had followed the indications shown." But he would not have followed the indications shown. He is fooling himself. It is easy to look over the chart afterwards and see where he could have made correct plays, but I venture to say he never tested the plan under proper conditions.

Let anyone who thinks he can make money following a Figure Chart or any other kind of a chart have a friend prepare it, keeping secret the name of the stock and the period covered. Then put down on paper a positive set of rules which are to be strictly adhered to, so that there can be no guesswork. Each situation will then call for a certain play and no deviation is to be allowed. Cover up with a sheet of paper all but the beginning of the chart, gradually sliding the paper to the right as you progress. Record each order and execution just as if actually trading. Put Rollo Tape down as coppering every trade and when done send him a check for what you have lost.

I have yet to meet the man who has made money trading on a Figure Chart over an extended period.

Any kind of a chart will show some profits at times, but the test is: How much money will it make during several months' operations?

The Figure Chart can be used in other ways. Some people construct figure charts showing each fractional change instead of the full points. The idea may also be used in connection with the Dow, Jones & Co. average prices. But for the practical Tape Reader the full figure chart first described is about the only one we can recommend.

Its value to the Tape Reader lies chiefly in its indications of accumulation and distribution. These frequently (not always) warn the operator in advance of an important move and put him on the watch for the moment when either process is completed and the marking up or down begins.

The chart gives the direction of coming moves; the tape says "when."

Some people claim to be able to predict how far such a movement will go by counting the number of full figures which form an unbroken line. In a case where a stock shows a long horizontal line of 19s and 20s at the bottom of a decline, and a count of the 20s shows that there are twelve of them, this is taken as an indication that there will be a rise of twelve points from 20. Figure charts seem to bear this out in some instances, but like the majority of chart indications, there are very many exceptions to the rule. There appears some little foundation for the supposition, however, as it is logical to suppose that the more important the contemplated move, the more stock will the insiders wish to buy and the longer time will be required in which to accumulate it.

The ordinary single line chart which is so widely used, is valuable chiefly as a compact history of a stock's movements. If the stock which is charted were the only one in the market, its gyrations would be less erratic and its chart, therefore, a more reliable indicator of its trend and destination. But we must keep before us the incontrovertible fact that the movements of every stock are to a greater or lesser extent affected by those of every other stock. This in a large measure accounts for the instability of stock movements as recorded in single line charts.

Then, too, as shown in foregoing studies in this series, one stock may be the lever with which the whole market is being held up, or the club with which the general list is being pounded. A chart of the pivotal stock might give a strong buying indication, whereupon the blind chart devotee would go long to his ultimate regret; for when the concealed distribution was completed his stock would probably break quickly and badly.

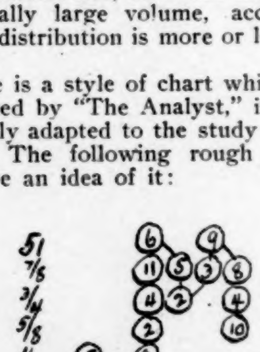
This shows clearly the advantage of Tape Reading over chart playing. The Tape Reader sees everything that is going on; the chart player's vision is limited to one issue. Both aim to get in right and go with the trend, but the eye that comprehends the market as a whole is the one which can read this trend most accurately.

If one wishes a mechanical trend indicator as a supplement and a guide to his Tape Reading, he had best keep a chart composed of the average daily high and low of eight or ten leading stocks. For convenience in figuring this average it is well to take ten stocks, say Union, Reading, St. Paul, Pennsylvania, N. Y. Central and Erie among the railroads, and Amalgamated, Smelters, Steel and Car Foundry among the industrials. First find the average high and average low for the day and make a chart showing which was touched first. This will be found a more reliable guide than the Dow, Jones averages, which only consider the closing bid of each day, and which, as strongly illustrated in the May, 1901, panic, frequently do not fairly represent the day's actual fluctuations.

Such a composite chart is of no value to the Tape Reader who scalps and closes out everything daily. But it should benefit those who read the tape for the purpose of catching the important five or ten point moves and who are willing to carry their stocks over night or for several days if necessary to gain the full benefit of the swing. Such a trader will make no commitments that are not in accordance with the trend, as shown by this composite chart. His reason is that even a well planned bull campaign in a stock will not usually be pushed to completion in the face of a down trend in the general market. Therefore he waits until the trend conforms to his indication.

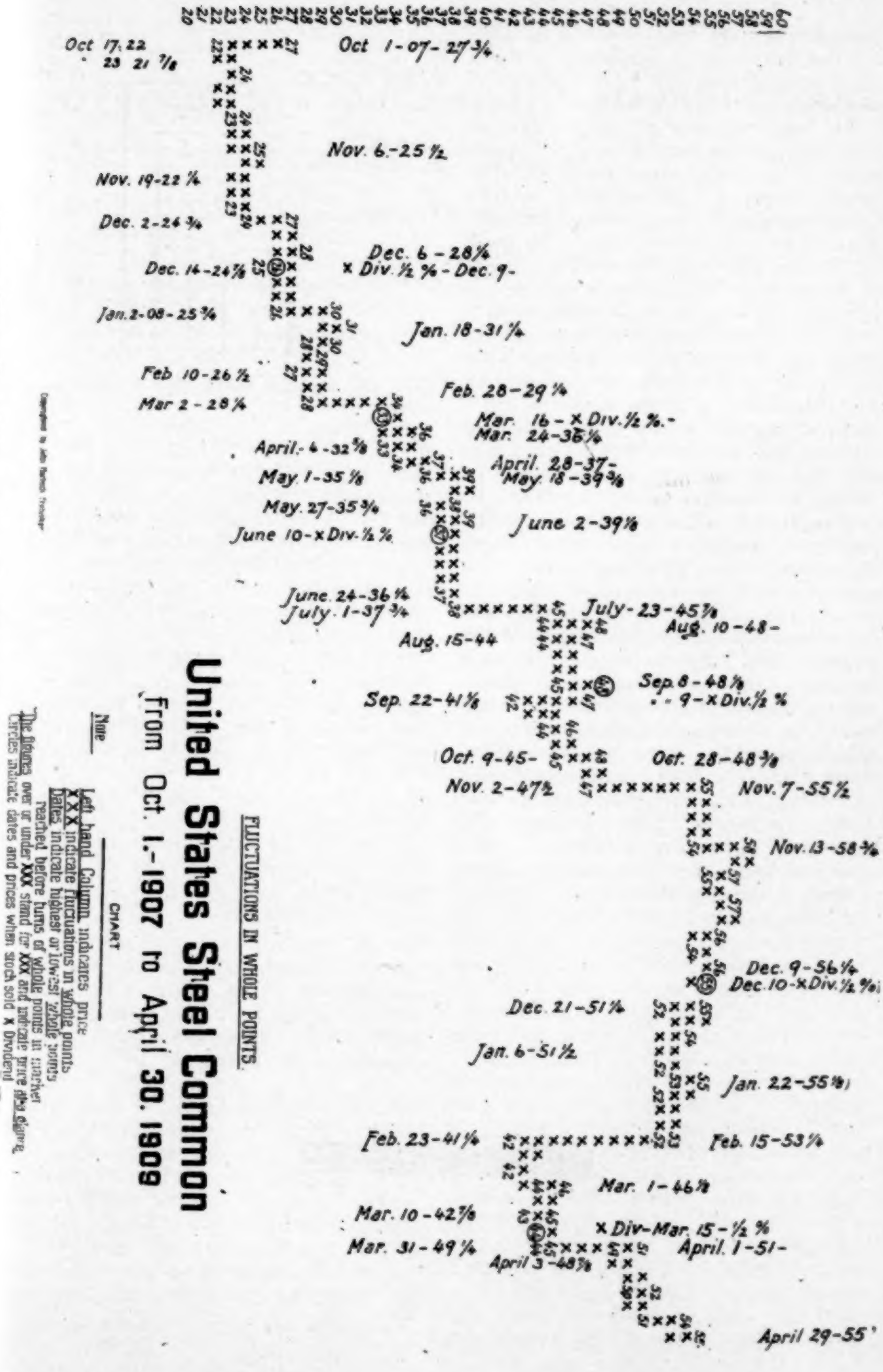
It seems hardly necessary to say that an up trend in any chart is indicated by consecutive higher tops and bottoms like stairs going up and the reverse by repeated steps toward a lower level. A series of tops or bottoms at the same level shows resistance. A protracted zig-zag within a short radius accompanied by very small volume means lifelessness, but with normal or abnormally large volume, accumulation or distribution is more or less evidenced.

There is a style of chart which was originated by "The Analyst," it being especially adapted to the study of volumes. The following rough sketch will give an idea of it:



Volume Chart

When made to cover a day's movements in a stock, this chart is particularly valuable in showing the quantity of stock absorbed at various levels.



Improved Figure Chart designed and reproduced by permission of J. H. Frobisher, 133 W. 84th St., N. Y.

Comparisons are readily made by adding the quantities horizontally. Many other suggestions will be derived from the study of this chart.

An important point in connection with the making of charts is the treatment of a stock which sells ex-dividend. Many people consider a dividend as equal to a corresponding decline in market price; in fact, the most prominent publisher of charts follows this method. We do not agree. In our opinion when a stock sells ex-dividend the scale should be changed so that the stock will show the same relative position as before the dividend. For instance, if a stock is 138 before a dividend amounting to 2 per cent and sells at 136 ex-dividend, the 138 line becomes the 136 line, etc.

There is another form of chart which is sometimes valuable in detecting the beginning and end of a manipulative campaign. It is based principally on volumes and affords a ready indicator of any unusual activity in a stock. The scale is set at the side to represent the volume and the vertical lines are drawn to show the number of shares for the day. The plus or minus sign indicates a net advance or decline for the day, and has but a negative value. Some people add to this an oblique line to show the range for the day.

The proficient Tape Reader will doubtless prefer to discard all mechanical helps, because they interfere with his sensing the trend. Besides, if he keeps the charts himself the very act of running them distracts his attention from the tape on which his eye should be constantly riveted. This can of course be overcome by employing an assistant; but taking everything into consideration—the division of attention, the contradictions and the confusing situations which will frequently result—we advise students to stand free of mechanical helps so far as it is possible.

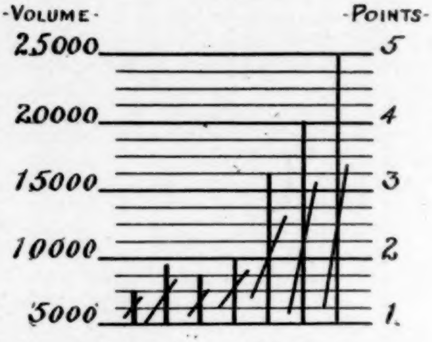


Chart Showing Daily Volume and Width of Swing

Our correspondent in saying "a chart is but a copy of the tape" doubtless refers to the chart of one stock. The full tape cannot possibly be charted. The tape does tell the story, but charting one or two stocks is like recording the actions of one individual as exemplifying the actions of a very large family.

(*Continued in July* TICKER.)

Government Bonds and National Banks

By Frank A. Vanderlip*

President National City Bank, New York

OUR national banking system was organized at the beginning of 1853 on the passage of the National Bank Act. The real basis of that act was not the creation of an adequate currency system, nor the creation of an ideal bank system, but, rather, the creation of a market for Government bonds.

The Government had been in an extreme position in regard to its finances; its expenses were very large, and its difficulties in placing bonds had become very great indeed. The banking situation at that time was also anything but a happy one. The state banks had the right of issue under the various state laws. Most of those state systems were poor, the heterogeneous mass of state bank notes, some good and some bad, made the currency question one of great difficulty, and nothing like a satisfactory one.

Secretary Chase conceived the idea of organizing a system of national banks, and making a *sine qua non* of the organization of a national bank the purchase by the bank association of a certain amount of Government bonds. That was all very well, and, of course, it was necessary to make the system so attractive as to cause people to organize national banks, and, if possible, to cause a great many, if not all, of the state banks to be converted into national banks.

The plan which he evolved was, giving to national banks the right to issue currency against the deposit with the United States Treasury Department of United States bonds. He made it necessary for a bank to purchase bonds whether they took out any currency or not, but as it would be profitable to take out currency, the probability was that they would purchase large amounts of bonds.

The system certainly was successful in that respect. It gave us currency that was redeemable by the Government, was as good as a Government bond and somewhat better, as it had not only the Government bonds but the credit of the bank behind it; it was uniform in character, and even if a bank were to fail, the notes would be redeemed by the Government. All of that was very good. Still, the system, even for that time, was anything but an ideal currency system, and as the country and the demands of commerce have developed, it has become less and less ideal.

Let us examine for a moment why it is so far from ideal. The first thought would be that from the banks' point of view, at least, it would be a more profitable arrangement, because a bank can purchase bonds upon which it would draw interest, and it can in turn issue currency against these bonds on which it would get interest. It looks rather like a double interest scheme. There are some drawbacks to that idea, however. The bank, in the first place, must pay a tax. Originally that tax was one per cent.; it is now one per cent. on all bonds except the two per cent. issues; on those the tax is one-half per cent.

Let us take an illustration and see what the profit is. Take a bank with $100,000 capital. It has the right, under the law, to purchase $100,000 bonds and take out $100,000 circulation. Suppose it purchases two per cent. bonds. (There is at the moment a great depression, the 2s. selling at the lowest point that they have sold at heretofore, so that a bank would be able to get the bonds at a smaller expenditure than ever before.) The bank would spend, roundly, $101,000 in buying $100,000 Government bonds. The income would be $2,000 a year from the interest on the bonds, and whatever

*Address delivered at West Side Y. M. C. A., N. Y., February 24, 1909.

rate the bank might be able to loan the money at. Let us assume that it could loan the money at 6 per cent. The total income of the banks from these sources would then be $2,000 interest on the bonds and $6,000 interest on the bank notes which it could loan. Suppose it can keep this circulation out—there is a demand for it, and there is no loss from redemption account on circulation not outstanding. We have then the greatest possible income to the bank in a 6 per cent. money market, which would be $8,000.

If, instead of taking out circulation—instead of buying bonds—it loaned $101,-000 direct, it would have obtained interest on that, or $6,060.

A bank must pay one-half of one per cent. tax on circulation, which is $500. There are certain expenses connected with the issuing of currency that the banks are assessed, expenses of redemption, cost of preparing the plate—(the Government pays the cost of printing the currency—which averages about $63 on the $100,000). At those figures, with two per cent. bonds at the present price, in a 6 per cent. money market, a bank would make about 1 1-3 per cent. more by taking out circulation than it would by loaning the funds direct.

That looks pretty good. You would think then that every bank would take out circulation to the full amount of its capital. But here in New York banks have, I think, considerably less than half the total amount of circulation that the law will permit. There must be some reason for that.

The bank has taken a risk, of course, in buying bonds—the risk of a decline. That is a risk that has lately been brought home very sharply to every national banker. I said a moment ago that the two per cent. bonds were now selling at the lowest price—about 101. That represents a decline of about four per cent. in the fast four months. As the banks of this country hold about $700,-000,000 of bonds, there is a loss of, say, $28,000,000 in a comparatively few months by the decline of Government bonds. That, very naturally, is a deterrent to a bank taking out circulation. Here is a loss that has taken place in a few months equal to all the profits that could be made in three years, even with the bonds at the present low price. It is not very long ago that 2s. sold as high as 110, so there has been a nine-point decline from the high point.

There is another fact indicating why the system is far from ideal. I gave you the profits of circulation in a 6 per cent. money market. Curiously, the profits on circulation are higher in a low money market than they are in a high money market, the reason for that being, in a word, that a bank has to pay out more for the Government bonds than it gets back on its circulation notes that it may issue. The higher the general average of interest rate, therefore, the lower will be the profit on circulation. That is exactly opposite of what it ought to be in order to induce the issuing of circulating notes at the time we want them. With high interest rates we presumably want an increase of circulation, that is, additional currency would be desirable. But with high interest rates the profit in buying bonds and in taking out circulation will be less than with low interest rates.

You will see, therefore, that under our banking system as it is now organized, the motive back of taking out circulation has never been the supplying of a want for currency. The motive lies elsewhere. With bonds very cheap, a bank would be willing to buy them and take out circulation, not because circulation is wanted, but because the price of the bonds is such that it would be desirable. And, as I said before, it would be more profitable to the bank the lower the interest rate.

The amount of circulation has gone up very rapidly in the last few years, and has never fluctuated at all with the demands created by commerce for a circulating medium. In Canada, for instance, where there is a direct relation between the demand for circulation and its issue, they have a situation where, if you were to have a line drawn representing the amount of notes outstanding, you would find it would go in a regular "saw tooth" for a series of years with perfect regularity—that is, rising in the fall when an increase of circulation is demanded; falling off in the late winter. the notes being called for

redemption; starting to rise again in the fall, going on in just that way year after year, showing the very direct relation betyeen the supply of notes and the need for them. There has never been any such direct relation in the issuing of circulating notes with us.

Perhaps I might describe in some detail the issuing of notes. A bank buys bonds. We have a market here for Government bonds on the Stock Exchange. The market there, however, is little more than a market for the purpose of getting a quotation; the sales are not large and the quotations are not particularly significant. A bid for bonds there only means a bid for $10,000 bonds, and perhaps if $100,000 were offered, the quotation would drop very materially. The market for Government bonds is mainly in the hands of perhaps half a dozen banks and firms in New York City. A bank desiring to take out circulation, then, will purchase its bonds through its New York correspondent. The bonds will be sent to Washington to be registered in the name of the Treasurer of the United States in trust for the bank owning them. They are then deposited in the Treasury vault in Washington. The bank is permitted to take out circulation to the par value of the bonds. That is a comparatively recent privilege: originally, and until a few years ago, circulation could be taken out only to 90 per cent. of the bonds deposited. The circulating notes are printed by the Government, and in order to become complete, must be signed by the President and Cashier of the bank. I say in order to become complete, but really a note is good even if no signature had been put on it. But ordinarily they are signed, in the case of a small bank actually signed with a pen or stamped with a rubber stamp, and in the case of large banks and a large issue of notes, the signatures are printed on the notes. The Treasurer sends these notes to the bank. The bank will pay one-half of one per cent. per annum if the notes are secured by two per cent. bonds, and one per cent. per annum if they are secured by the 4s. That tax, however, does not begin to run until the notes are paid out, and it is on the average amount of circulation outstanding for six months, so if the notes go out and are redeemed, a reduction may be made in the total amount outstanding for the purpose of calculating the tax.

These notes are not legal tender. They are not receivable for customs duties. They may not be paid by the Government for interest on the bonded debt. But otherwise they have practically all the functions of other forms of money. They must be received by other national banks at par; the notes of any bank must be received by any other bank without discrimination.

A bank in loaning the money, or getting it out in circulation, must stand ready always to redeem it either at its counter or at the Treasury. A bank must keep at the Treasury a redemption fund equal to 5 per cent. of circulating notes outstanding, and the Treasurer always stands ready to redeem in lawful money any notes of any bank presented, charging the cost of redemption against this fund, and calling on the bank issuing the notes to replenish the redemption fund whenever it falls below the 5 per cent. limit. Then the notes are separated into fit and unfit, that is, those that are used and those that may be used again; the worn ones are destroyed, the others are returned to the bank.

You see, then, that a bank cannot keep out its circulation unless there is a demand for a circulating medium in the hands of the people. These notes will not be retained in the vaults of any other bank, for the reason that they are not permitted to count them in their reserve. The national banks, as you know, must keep a reserve equal, in the case of banks in reserve cities, to 25 per cent. of their deposits; and in the case of other banks, 15 per cent. But national banks notes held in the vault do not count in this reserve. Therefore, the tendency is for a bank receiving notes of other banks to do one of two things: either pay them out or ship them to their correspondents, or directly to the Treasurer of the United States for redemption. This is going on at the present time on a very large scale. Redemptions at the Treasury so far this month have exceeded $30,000,000—a rather extraordinarily large amount.

There is, therefore, difficulty in getting

our circulation. That is one reason, I presume, why we find the New York banks with but a small amount of circulation out compared with their capital. It would be practically impossible at the present moment for a New York bank to take out any circulation. Let us see what would happen.

Suppose a New York bank deposited bonds to-day and received its circulating notes. The amount of money that a bank pays out over its counter is not great—about the same as it receives—and the only way that a bank would get out any considerable amount of its circulating notes would be at some time when there is a demand in other cities—a demand throughout the country—to ship the currency. There is no such demand at the present time. The tendency of the currency flow is in this direction, rather than the other way, therefore a New York bank could not get its circulating notes out; they would lie in its vaults.

So we see the several reasons why there is still a large amount of room for the issue of new circulating notes which is not generally taken advantage of by the banks, even though the profits are, theoretically, more than one per cent. in buying bonds and taking out circulation. You see the risk of a falling market in Government bonds, the inability to keep circulation out, or, perhaps the impossibility of getting out circulation at all, as would be the case here in New York.

The capital of all the national banks is, roughly, $900,000,000, while the total amount of circulating notes outstanding at the present time is, roughly $600,000,000. We have just about two-thirds of the total outstanding—a proof that it is not, after all, a very profitable thing to do, else we would find banks taking out circulation to the full limit of their capital.

The Bargain Indicator

Atchison Clinches Its Leadership—Some New Candidates for Honors

By "THE PROFESSOR" *

ATCHISON common is still the star performer in this month's showing. Its earnings are piling up in increasing ratio. Figuring the amount earned on par, Atchison's showing is only exceeded by two other roads—Union Pacific and Soo.

Why Atchison should hang around these prices is a source of wonder to many people; but those who disregard present dividends and keep their eye fixed on earnings and future possibilities are satisfied with the outlook. If Atchison were a more popular speculative medium there is no doubt as to what would happen.

Soo COMMON has leaped into second place by turning its net earnings into increases instead of falling behind as it did in the May table. This position will probably not be held for long, as the new stock issue will shortly reduce its percentage.

SOUTHERN RAILWAY PFD. has held its own with the best of them, but many of its admirers would like to see Southern's maintenance charges put back where they belong, as the policy of economy in this direction works injury rather than benefit to the stockholders.

CHICAGO & ALTON has dropped back a couple of pegs owing to somewhat smaller net increases. As it is earning 7.7 per cent. on par, it can well afford the present 4 per cent. dividend rate of dividends.

UNION PACIFIC maintains its former earnings and price level. It is in fifth position, owing chiefly to the temporary change in that of Soo.

The Bargain Indicator

TABLE SHOWING WHICH STOCKS ARE THE BEST PURCHASES NOW

BASED ON PAST, PRESENT AND FUTURE EARNING POWER AS COMPARED WITH MARKET PRICE

RAILROADS

Pos.		Est. date present earn. on par.	Price May 11, '09.	Earnings on price.
1	Atchison common	14.5	110	13.2%
2	Minn., St. P. & S. S. M. common	17.6	137	12.9
3	Southern Ry. preferred	8.	68	11.7
4	Chicago & Alton common	7.7	70	11.
5	Union Pacific common	20.	189	10.6
6	Toledo, St. Louis & Western preferred	7.3	70	10.4
7	Brooklyn Rapid Transit	7.7	80	9.7
8	Louisville & Nashville	13.	139	9.4
9	Norfolk & Western common	8.5	91	9.3
10	Erie 1st preferred	4.2	50	8.4
11	Southern Pacific common	10.1	123	8.2
12	Atlantic Coast Line	10.4	127	8.2
13	Missouri Pacific	5.6	75	7.5
14	Colo. & Southern common	4.7	65	7.2
15	Chicago & Northwestern common	13.	183	7.1
16	Delaware & Hudson	12.3	185	6.6
17	Baltimore & Ohio common	7.5	115	6.5
18	Toledo, St. Louis & Western common	3.3	51	6.5
19	Northern Pacific common	9.	146	6.2
20	Pennsylvania	8.	135	5.9
21	Kansas City Southern common	2.7	46	5.9
22	Southern Railway common	1.5	29	5.2
23	Pitts., Cin., Chicago & St. Louis common	4.6	91	5.1
24	Ontario & Western	2.5	49	5.1
25	Illinois Central	7.5	147	5.1
26	Canadian Pacific	8.9**	180	4.9
27	Chesapeake & Ohio	3.8	78	4.9
28	Denver & Rio Grande preferred	4.2	88	4.8
29	Great Northern	6.9**	146	4.7
30	Minneapolis & St. Louis preferred	4.1	87	4.7
31	Reading common	6.9	152	4.5
32	New York Central	5.9	133	4.4
33	St. Louis Southwestern preferred	2.7	61	4.4
34	N. Y., N. H. & Hartford	5.9	170	3.5
35	St. Paul common	3.9*	153	2.5
36	Rock Island preferred	1.	72	1.4
37	Cleveland, Cinn., Chicago, St. Louis, common	1.4	75	1.9
38	Erie, 2d preferred	.0	40	.0
39	Missouri, Kansas & Texas common	.0	43	.0
40	Texas Pacific	.0	35	.0
41	Wabash preferred	.0	53	.0
42	Wabash common	.0	20	.0
43	St. Louis Southwestern common	.0	25	.0
44	Rock Island	.0	31	.0
45	Erie common	.0	33	.0
46	Denver & Rio Grande common	.0	51	.0
47	Wisconsin Central common	.0	59	.0
48	Minneapolis & St. Louis common	.0	60	.0
49	Iowa Central preferred	Deficit	58	.0
50	Iowa Central common	Deficit	33	.0
51	Duluth, South Shore & Atl. preferred	Deficit	32	.0
52	Duluth, South Shore & Atl. common	Deficit	18	.0

*Figured on increased common and preferred. Earnings of Western Extension will greatly increase this.

**On increased capital stock.

INDUSTRIALS, &c.

Including Only Those Which Have Reported Since October 1, 1908

Date of report.	Position.		Earned on par.	Price May 11, '09.	Earned on price.
Dec. 31, 1908.	1	American Tobacco com.......	46.3%	410	11.2%
Dec. 31, 1908.	2	U. S. Realty	8.2	80	10.2
Dec. 31, 1908.	3	International Harvester com..	7.8	82	9.5
Dec. 31, 1908.	4	Republic Iron & Steel pfd.....	7.9*	87	9.
Oct. 31, 1908.	5	Amer. Smelt. & Ref. Co......	8.4	94	9.
Jan. 31, 1909.	6	Union Bag & Paper pfd.......	6.2*	73	8.5
Dec. 31, 1908.	7	American Can pfd............	6.6	80	8.2
Dec. 31, 1908.	8	Ingersoll-Rand pfd.	7.4	93	8.
Mar. 31, 1908.	9	U. S. Steel com..............	4.4	58	7.6
Oct. 31, 1908.	10	American Ice Securities	3.1	41	7.6
Dec. 31, 1908.	11	American Tel. & Tel. Co......	10.	141	7.
Dec. 31, 1908.	12	National Biscuit com.	7.3	107	6.8
Dec. 31, 1908.	13	Peoples Gas	7.8	115	6.8
Dec. 31, 1908.	14	National Lead com...........	5.7	89	6.4
Dec. 31, 1908.	15	Utah Copper (par $10)......	33.	$52 per sh.	6.3
Oct. 31, 1908.	16	Sloss-Sheffield com.	4.9	81	6.
Dec. 31, 1908.	17	North American	4.8	83	5.8
Dec. 31, 1908.	18	American Sugar Ref. com.....	7.5	134	5.6
Dec. 31, 1908.	19	Railway Steel Springs pfd. ..	5.6	107	5.2
Feb. 1, 1909.	20	Mackay common	4. †	78	5.1
Nov. 30, 1908.	21	Pacific Coast 2d pfd.........	4.4	95	4.6
Jan. 31, 1908.	22	General Electric	7.4	161	4.6
Dec. 31, 1908.	23	Central Leather com.	1.3	30	4.3
Dec. 31, 1908.	24	Bethlehem Steel pfd.........	2.4	56	4.3
Oct. 31, 1908.	25	American Car & Fdy. com.....	2.2	56	4.
Dec. 31, 1908.	26	Ingersoll-Rand com.	2.1	55	3.8
Dec. 31, 1908.	27	Tennessee Copper (par $25)..	6.5	$45 per sh.	3.6
Dec. 31, 1908.	28	American Woolen pfd.	3.7	105	3.5
Dec. 31, 1908.	29	N. Y. Air Brake	2.4	90	2.7
Dec. 31, 1908.	30	Press Steel Car pfd.........	1.2	104	1.1
Dec. 31, 1908.	31	American Can com...........	.0	12	.0
Jan. 31, 1909.	32	Union Bag & Paper com.....	.0*	13	.0
Dec. 31, 1908.	33	Republic Iron & Steel com...	.0*	27	.0
Dec. 31, 1908.	34	Bethlehem Steel com.........	.0	27	.0
Dec. 31, 1908.	35	American Woolen com.......	.0	36	.0
Dec. 31, 1908.	36	Press. Steel Car com.........	.0	42	.0
Dec. 31, 1908.	37	Railway Steel Springs com...	.0	44	.0
Nov. 30, 1908.	38	Pacific Coast com............	.0	92	.0
Jan. 31, 1909.	39	American Steel Fdy. com....	Deficit	39	.0

*Preferred is cumulative and in arrears.
†Only draws from sub. cos. enough for 4% divs.

TOLEDO PFD. has worked up a notch. With its income from Alton dividends this company should have no trouble in maintaining the 4 per cent. rate to which the preferred stock is limited.

BROOKLYN RAPID TRANSIT has jumped from No. 22 to No. 7 on the list, owing to greatly enhanced net earnings. By reference to our Investment Digest the reason for this will plainly be seen.

Here is one of the important features of this table—whatever changes occur in the earnings power of any railroad are at once reflected on this page. People who watch these figures need never lull themselves into a false sense of security.

LOUISVILLE holders have no cause to complain, even though a couple of issues have gone ahead of it.

ERIE 1ST PFD. has risen from No. 37 to No. 10, and present earnings seem to indicate a maintenance of its present status. The greater part of Erie's good showing is due to enhanced gross earnings and is therefore legitimate.

NORFOLK WESTERN, SOUTHERN PACIFIC, ATLANTIC COAST LINE AND MIS-

SOURI PACIFIC occupy about the same relative positions as last month.

COLORADO SOUTHERN COMMON has moved up about four notches, and is now earning well over 4 per cent.

CHICAGO & NORTHWESTERN has also improved its position very materially.

BALTIMORE & OHIO has dropped back some.

TOLEDO COMMON is showing better earnings and is six pegs higher in the scale.

KANSAS CITY SOUTHERN COMMON is also higher up this month.

SOUTHERN RAILWAY COMMON is ten places above its last showing, but is still far from being a dividend possibility.

ST. PAUL, CANADIAN PACIFIC & GREAT NORTHERN have dropped back, owing to their increased capital stock. Earnings on the new lines being built by these companies will doubtless more than redeem these temporary setbacks.

MINNEAPOLIS & ST. LOUIS PFD. is not showing up so well. The price has hardly changed, while estimated earnings are 20 per cent. less. The issue stands ten pegs lower.

READING'S price has advanced 14 points and earnings 6-10 per cent. Its earnings on price are therefore practically unchanged. As the greatest speculative favorite on the board, this stock is put through paces that do not at all match up with its earning power. Forty years ago they were bulling Reading on its immense holdings of unmined coal. Since then it has more than once passed through receivership.

ROCK ISLAND PFD. shows symptoms of earning something.

IOWA CENTRAL & DULUTH maintain their breathless contest for the booby prize.

Industrial and Other Stocks

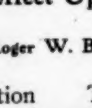
A number of other companies having issued statements, we are enabled to enlarge this month's list.

INTERNATIONAL HARVESTER COMMON has won the industrial honors and now occupies third position.

INGERSOLL-RAND PFD. has also come to the front, although its margin of earnings over the 6 per cent. paid is not large.

U. S. STEEL COMMON shows improved earnings, but is 7 points higher in price. The new leaders have caused it to drop back to ninth position.

The other changes are due chiefly to the addition of fresh candidates, the relative shifting in prices and earnings being of small consequence. As the list becomes more complete a much better view of the class of stocks will be obtained.



The Production of Gold

And Its Effect Upon Values

By Roger W. Babson*

AS to the effect of the Production of Gold, there is a diversity of opinion. That it is a subject of great importance when a number of years are considered, is admitted by all; but many deny that it is of such importance when considering a period of only a few years.

The theory that because the supply of gold (which is used as a standard of value and a medium of exchange), increases it must reduce interest rates and increase prices of commodities, is actively combated by many authorities. If there were no other possible causes at work affecting interest rates and commodity prices, this theory might be taken

more seriously, but even then it would be obliged to stand the test of experience.

The editor of the *Engineering and Mining Journal,* Mr. Walter R. Ingalls, claims to have shown by statistics and by graphic diagrams that there has been no correspondence between the fluctuations in the gold supply and those in prices. Going back to the time of the first notable modern increase in gold production, he shows that for some years, beginning with 1851, the two lines were nearly parallel, but there was a drop in prices after the crisis of 1857 and then a recovery and increase until 1864, though the production of gold was then falling off. After that prices declined until 1870, while the gold supply fluctuated within narrow limits; but in 1871 prices started up again, with gold production declining.

During the fall in prices after 1873 there was an upward turn in the production of gold and by a peculiar perversity, in the view of this theory of cause and effect, it fell off again after 1879 as prices began to rise. The decline in gold production continued until 1883 when there was another upward turn followed by a continued increase until 1896. The output was then more than double that of 1884 and the highest ever reached before that time; but during that period there was an almost continuous decline in commodity prices, to contrast with the rise which took place while the annual supply of new gold again doubled.

This may not prove that the increased Production of Gold has had no effect upon its commercial value compared with the general mass of commodities, and consequently upon prices determined by its value as the standard of measurement and computation, but it does very conclusively refute the theory that the two things stand in close relation of cause and effect. There is certainly no close correspondence between them from year to year and the inevitable inference is that much more potent causes than the volume of gold in monetary use are at work in determining the course of prices.

It is a question whether the demand for the use of gold as a basis of credit and exchange in industry and trade has not kept pace with the supply and prevented any absolute depreciation. Mr. Ingalls forcibly opposes the argument that the cost to capital and labor of producing gold has diminished and that available deposits are on the increase, with cheapening methods of extraction. . . . In connection with the question of increased demand he takes the increasing production of pig iron as fairly representing the advance made in industries and trade generally, and shows both by figures and graphic diagram that its increase has been relatively greater than that of gold.

The general subject of gold has been presented well in a book entitled "The Story of Gold" by Professor E. S. Meade, while the effect of the increased production of the metal is well described in the book entitled "Gold Supply and Prosperity," edited by Byron W. Holt, who is generally recognized as one of the best informed men on this subject.

Based upon the assumption that the output of gold is to increase for at least ten years at an average rate of not more than 5 per cent., Mr. Holt makes fourteen interesting conclusions:

1. That the value of gold will depreciate as the quantity increases, though not, perhaps, at the same ratio.

2. That this depreciation will be measured by the rise in the average price level.

3. That rising prices will soon again lead to rising and high interest rates.

4. That, because of high interest rates, the price of bonds and of most other long-time obligations drawing fixed rates of interest, dividends or income will again decline to low levels.

5. That, because of rising prices and high interest rates, the cost of materials and supplies will tend to decrease the net profits of all concerns, the prices of whose products or services either cannot be advanced at all or are not free to advance rapidly.

6. That, because of rising prices, the net profits of all concerns that own their own sources of materials and supplies will tend to increase.

7. That, because of rising prices of commodities, the market prices of all tangible property will tend to rise. This includes lands, mines, forests, buildings and improvements.

8. That, because of rising prices of commodities and property, the prices of the stocks of corporations holding commodities or property will tend to advance.

9. That, because of rising prices and, therefore, of cost of living, wages must, and will, tend to advance.

10. That, because wages and salaries will not rise as much or as fast as will prices and the cost of living, there will be dissatisfaction and unrest among wage and salary earners.

11. That, because of rising prices and property, there will be much speculation in commodities, stocks and real estate.

12. That, because of the great profits that will result from speculation, honest industry will be discouraged and recklessness and extravagance will be encouraged.

13. That, because rising prices will decrease the purchasing power of debts, and thus aid debtors at the expense of creditors, they will discourage saving and thrift.

14. That, then, an increasing output of gold means rising prices, rising wages, high interest rates, the scaling of debts, speculation, unjust distribution of earnings and wealth and general dissatisfaction and discontent.

These conclusions follow each other logically, though their close connection is not evident to those who have not studied this subject closely and reasoned well and soundly. The first two conclusions, being the more fundamental and important, will be considered briefly; the others will not be discussed here separately and at length.

It is almost inconceivable that an increasing output and supply of gold, the standard and measure of values, will not tend to raise prices.

It is not asserted that a slight increase in the supply will cause prices to advance. The natural course of prices, especially of manufactured products, is downwards. To offset this cheapening tendency, due to invention and improvement, an increase of perhaps 2 per cent. a year in the supply of gold may be necessary. To offset the growing demand for gold, due to industrial expansion, an increase of perhaps 1 per cent. more a year may be necessary.

An increase of perhaps 3 per cent. a year in the world's volume of gold, then, may be necessary to maintain stable prices. This being true, a smaller increase than 3 per cent. will result in declining prices and a greater increase will result in advancing the prices of commodities. An increase of 5 per cent. a year in the supply of gold, then, would cause prices to rise an average of 2 per cent. a year and an increase of 8 per cent. in the supply of gold would cause prices to rise an average of 5 per cent. a year.

The reader must for himself decide upon the soundness of these theories. It is very generally admitted that a sudden increase in the supply of gold at certain times *does* give impetus to business activity, result in the conception of new ventures and indirectly is accompanied by an advance in prices. This rising movement in prices of itself encourages speculation and the extension of credit to a dangerous degree. Moreover, large profits lead to waste and extravagance, which conditions are invariably followed by a crisis and a period of depression. It seems reasonable to admit that the overproduction of gold is one factor to increase prices, and consequently bring this period of depression to pass, but it seems illogical to point out the Production of Gold as *the* factor or even as the most important factor. The increase in population, the destruction of natural resources, industrial combinations, labor unions, increased cost of agricultural land and many other factors tend to increase the prices of commodities fully as much as the overproduction of gold.

Record of a Successful Account

How Small Capital and Sound Methods Have Produced Highly Satisfactory Results

EDITOR, THE TICKER Magazine. Dear Sir: Complying with your request for a short history of my experiences in stock operations, I submit herewith the record. Owing to recent loss by fire of some of my books and papers, the data and prices have been supplied as far as possible to reach the point of absolute accuracy from memory. All of the purchases were made "outright."

Purchases.		Price.	Sold.	Approximate Profit.
20 shares Ches. & Ohio	May, 1905	47⅛	63½	$322.50
25 shares Ches. & Ohio	Mch., 1907	38	48½	256.25
25 shares Ches. & Ohio	May, 1907	33¼	40	162.50
100 shares Chic. & Alton	Aug., 1907	9¼	57¼	4,775.00
25 shares Ches. & Ohio	Nov., 1907	25½	62¾	925..00

Approximate total profit...$6,441.25

The above record shows, of itself, little beyond the fact that good profits were made by buying when the stocks were bargains and selling when the market was well advanced; but the *experience* incident to the transactions has been most valuable to the writer.

For many years I have been interested in the stock market, though only as a sort of onlooker, for my financial condition did not admit of risks in speculation, or even small investments. Early in 1905, however, I began to take a keener interest in the market movements, and in May of that year chose as a starter for my operations Chesapeake & Ohio, this being the stock regarding which I was best informed. I determined to make purchases outright until a larger experience should justify marginal investments, and this conservative method has insured the profits in my transactions thus far.

I presume the experienced speculator would be inclined to laugh at the showing made in the light of the possibilities indicated for large profits had the accounts been marginal ones, but with me the question of safety was a vital one. One rule was followed in every purchase and that was, "Buy when you are sure the stock considered is BELOW ITS TRUE VALUE, BASED ON EARNING POWER."

I expect to begin before long a series of *marginal* investments, on a small scale, if market conditions seem to warrant, and I believe I can count on a fair return for the study I shall continue to make of the subject of investments generally.

Thus far my experience leads me to say that no man can hope to make money in stock speculation unless he makes a careful study of the whole investment situation; the market movements, and all the conditions that make for increase and decrease, in the earning power of the properties in which he may be interested. He may take the gambler's chances and win by playing in a gambler's way now and then, but application to this method will result in his being wiped out by the percentage that is the cornerstone of every gambling game on earth. Success, to be worthy of the name, and of a kind to win for the speculator a fortune, must be founded on possession of the KNOWLEDGE OF WHEN TO BUY AND

WHEN TO SELL, and this knowledge can be gained only by faithful study.

For equipment I unhesitatingly recommend a subscription to THE TICKER Magazine, with all the back numbers of that magazine and the works on investments and speculation it recommends, especially "The A B C of Stock Speculation," "Pitfalls of Speculation" and "Cycles of Speculation."

If the above matter should prove of interest I shall be glad—it being your privilege to use the data, etc., as you may deem fit, provided you kindly omit the use of my name.

Cordially yours for success,

A. B.

The Dutch Uncle

Hands Out a Bit of Advice and a Moral

HE called the Dutch Uncle up on the 'phone and asked:

"What do you think of Southern Railway? I have a hundred shares and am thinking of taking on another hundred, because lately it's made a pretty good showing."

"Well," said the D. U., "tell me just how you stand on the market. First, how much money did you invest during the panic?"

"Seven thousand dolllars," was the answer.

"How much could you sell out for now?"

"About eighteen thousand dollars."

"Are you using any stop orders or are you in a position to take advantage of any decline which occurs?"

"No," said he, "I am pretty well loaded up."

"How many shares did your seven thousand dollars buy in the panic?"

"About two hundred and fifty shares," he replied.

"How many shares have you now?"

"Oh, seven or eight hundred."

"Well, don't you see you have an inverted pyramid? You are playing the market like a sucker. You should have bought more in the panic and you should be tapering off now to where you only have comparatively little."

"Well, I thought I might sell some of them out on the next bulge."

"You are like all the rest; you are always waiting for the topmost price. If you bought stock at 10 and it was now 98 you wouldn't be satisfied until you got par for it. You have got all you can swing now, and you are talking about buying some more Southern Railway. If you keep this up you will have about 1,000 to 1,500 shares, and the first ten-point break will wipe out your entire wad."

"It looks as though you were right," said he.

"Of course I'm right. It doesn't matter if the market goes up ten or twenty points from here; you invested a certain amount of money and you have made 150 per cent. on it. This is your profit now, and it is the only profit you can absolutely count on. In straining for the last possible fraction on the bull side, you're going to be caught in the next big break. Now I want you to promise me one thing—that you will sit down over Sunday and decide what stocks you will sell in order to reduce your line by at least one-half. In other words, by three o'clock Monday you should have $9,000 or $10,000 in cash and the balance in securities, instead of $18,000 all tied up in stocks. Then you can put your original capital back in the bank, together with 40 or 50 per cent. interest made within a year and a half. The other $8,000 or $9,000 worth you can play with, if you like. You never can tell what moment we will have a 20 or 30-point break. and when these breaks occur you want to have money—not stocks. Even in a bull market we get an average of three big shake-downs every year. There is no use holding

all your stocks through these periods when you might be piling handsome profits by loading up on bargain days."

"I believe you're right, Uncle. I will take your advice," said he.

"Put it stronger than that. Give me your promise that you will sell one-half your stocks before three o'clock Monday."

"All right, old man, it's a go. I promise you I'll do it."

On Monday afternoon the following conversation took place:

"Did you sell out half your stocks, according to your promise of Saturday?"

"Yes, I unloaded $11,700 worth, and now I have my $7,000 back and $3,700 profit in cash, besides 100 Anaconda, 100 Greene-Cananea and 100 Southern Railway common, paid for in full."

"Well, now, see how much better your position is! If the market breaks you can go in and pick up some bargains. If it advances from this level, you can sell out what remains at an additional profit. So you do not care which way it goes—you are bound to make money. As you were lined up before you might have made more, but you were likely to lose all you had."

"I'm glad you put me wise. I had been thinking it over, but your argument jolted me into acting. I'm glad you're my Dutch Uncle."

"Call me anything you like, but don't make a bull-hog-jackass of yourself. There's no reason why you shouldn't run that $7,000 up to $100,000, if you work it right."

Moral: Be a fox. There's little competition.

Waiting

They're sitting around in the customer's chairs
With an air of dull inaction;
They shrink from buying or selling of shares,—
They're waiting for that reaction.

They talk in the club, on train, or in den,
Of their future course of action,—
Each mother's son who will get aboard when
We're getting that grand reaction.

They're soldout bulls or half-hearted bears,
But the same hope fills each faction:
Each waits till the rest toss over shares,—
To get 'em on that reaction.

The tariff? or business? or crops? what cause?
Each picks to his satisfaction:
The same result, after some brief pause.
A bargain-breeding reaction,—

When stocks tumble down, so far, so fast,
Industrial, rail and traction,
And then at the ripe time, soar at last,
From that rock-bottom kind reaction.

Each prophet knows when 'twill sure arrive,
Has figured it out to a fraction;
Twenty points, say some, and ten, and five,—
No mistakes about that reaction!

To-morrow, next week, next month, July,
Will it come, to the lamb's distraction;
At the uttermost bottom they'll cannily buy,—
The very abyss of reaction.

So let stocks creep up,—on the reckoning day
What the magnates', bears,' stupefaction
To see every stock on the list stowed away
For keeps on that great reaction!

And children who yet shall be born with gold spoon
Shall boast their proud extraction
From them who no instant too late or soon
Got aboard at the great reaction!

—Boston News Bureau.

This Man Lawson.

TO MR. JUDSON HODGE.
Boston, Mass.
Friend Judson:

I been thinking about writing you for quite a while about this man Lawson who lives down there in Boston and who advertises considerable in the newspapers about stocks. Now, Judson, you was always a pretty smart fellow and we are all pleased with your success. Your father tells me you get $28 a week foreman on a ice wagon, and he says you make as high as $50 a week when the weather is hot in the summer time. I know a man has got to be smart to make that money, and that is why I am writing you to find out for me something about this man Lawson, because I think I been done out of good hard money by him, and there are several others in this town would like to know something about him and about the stocks he advertises.

Along last summer I read big advertisements in the newspapers put in by this man Lawson saying that a stock called Bay State Gas would go to $10 a share, then $20 a share, and then up to hell and gone, and he said that everybody who would buy Bay State Gas would make money. I had about $2,000 saved up and I sent it to a broker in Boston and bought 1,000 shares of that Bay State Gas at $1.62½ a share. I got the stock now. Instead of going up it went down, and I hear it is now selling about 50 cents a share. A lot of others here also went into this Bay State Gas. You know some of them: Deacon Ezra Jones, Bill Slack, William Foster, all of them fellows was so carried away by them advertisements of Lawson's that they sold their cows and horses and mortgaged their farms and bought this Bay State Gas. Now, Judson, you go somewhere and find out about this man Lawson and write me just what the facts are.

I was told last week that Hiram Jones, an old friend of yours, had got taken in by Lawson with a stock called Yukon. He was parted from his money by reading the same kind of an advertisement I did, only his was about Yukon. He took his savings of a life time and bought that stock, and that has gone down to less than half what he paid for it, and this man Lawson said it would go up big. An' there is still another, you remember Amelia Gibbs. Well, it seems she got took in by reading this Lawson's advertisements on a stock they call Trinity. She was so carried away she drew every cent she had out of the savings bank and went and bought that stock at $41.50 a share. This man Lawson said it was going up to about $200 a share, but instead it has gone down to about $11 a share, and she is now taking in washing.

Can't you find out something about this, Judson? Find out why it is that they let a man like this go on in this barefaced way. I shall wait to hear from you soon, and I remain your old friend and neighbor,

JAMES A. FAGAN.
Bangor, Maine.

To MR. JAMES A. FAGAN,
Bangor, Maine.
Dear Friend Jim:

I got your letter all right, and I was so mad when I read what you wrote about this man Lawson swindling all my old friends up in Bangor that I started out on the war path after him. I carried a revolver in my hip pocket and I had a ice pick hid up my sleeve. I went right down to State street where this man Lawson hangs out. He has got an office there all right but it seems that he has been such a tricky devil that he don't dare show his face there. I tried all the doors in the building where his office is that looked as though they might reach his office but they was all locked tight as a drum.

I kind of inquired around and by

chance I found a man a friend of mine who takes ice of me and he is a broker and banker hisself. He has an office across the street from this man Lawson's office. He said to me, you can't never find this man Lawson, nobody can. He just hires a lot of lawyers to keep him out of trouble and then he goes off some place and hides, he says I had an office right here ten years and I ain't seen him only once, that was when we had a Grand Army parade. He stood in his office window that day, but he was surrounded by ladies, and it wouldn't been right to tried a shot at him under them circumstances. He says to me you're a fool trying to find Lawson, he dassent show his face in public and he dassent have an office where folks could come in and see him and talk to him. Why, says he, if he did he'd be riddled with bullets and twenty men would stand ready to throw bombs at him. He said he was such a dead beat and had sold the public so many bum stocks that in self defense he just had to hide the biggest part of the time, he says his office on State street was a bluff and most of the time he was hiding in a bedroom up at Young's Hotel and they changed his bedroom twice a day at that.

Now, Jim, I'm sorry you bought that Bay State Gas stock. I am doing mighty well on the ice team. I saved up about $3,000 and I got interested in stocks myself, and not long ago I took that $3,000 and bought American Ice stock at $22 a share. It is now $41 a share. I am in the ice business and I know there is big money in it. A State of Maine boy got up this American Ice Co. and he is a mighty smart man. He built them two handsome steam boats the Harvard and the Yale and he built up a splendid shipping business. He is a Maine boy just like us. It is the damndest thing Jim I ever heard of that they got this Charlie Morse in jail while they let this man Lawson go around advertising in the newspapers swindling folks like youse down there in Maine.

Well, Jim, as I was saying, I bought this American Ice stock of a broker what takes ice from me and is a good friend of mine, and as he knows me and would tell me the truth I went to him when I found I couldn't get a-hold of this man Lawson and I says to him, what about this man Lawson? He says this Lawson is one of the nicest and pleasantest fellers you ever saw but he says you got to look out for him 'cause he will do you and do you good no matter if you're his brother or best friend. He says we used to do business with him once but we soon saw that if we continued doing business with him we'd go broke and lose the confidence of the public. He says he was reading the other day in a magazine called Nobody's where this man Lawson says he was doing business with about fifty brokers. He said he didn't believe there was a decent respectable stock exchange house in Boston or New York would do business with him. He said he had a friend in a broker's office what tried to do business with him, but Lawson was soon way under water and his friend got fired out of the firm, and there was some brokers here called Brown, Riley & Co. what used to do business for him, but it got known and there wont anybody would do business with them fellers and they went out of business a while ago. He says the truth is that this man Lawson goes broke about four times a year and he aint got but mighty little real money, and the only time he ever got hold of any real coin was when he got the Standard Oil fellers into coppers, but he says they took that away from him, and every little while when he gets a bunch of money from you country guys they come in and trim him up for fair. Speaking of this Bay State Gas, he says youse will never hear another yip from Lawson about that 'cause the U. S. Government is laying for him on that deal and the first time he begins to holler Bay State Gas they is going to git his scalp for sure. This man says this Bay State Gas ain't nothing but the dregs of a previous swindle that this man Lawson put out years ago, and he says if you can actually git 50 cents a share for your thousand shares to fer God's sake sell the damn stuff quick.

In regard to this Yukon he said that the suckers who bit at that was quite scarce after all and that the fellers who went in with Lawson on that deal got stung for fair as after paying the advertising bills and the brokers commissions they was way in the hole.

I can tell you Jim I am sorry I can't do any better for you on this. But my friend the broker says you can git square if you do this: when this man Lawson hollers loudest "buy 'em," he says you sell 'em, and when Lawson says in the biggest kind of print "sell 'em" he says you buy 'em, and that a ways you'll make money.

Your old chum,

JUDSON HODGE.

The Investment Digest

IN this department will be found the boiled-down facts derived from official and all other sources, special attention being given to those which bear upon **future** values.

Heretofore investors have contented themselves with the information contained in one or two newspapers or periodicals. We propose to scan **every column of every publication, every market letter or other obtainable piece of literature** bearing upon the value of the principal securities and give you the vital points—the meat. To do this yourself would cost **several hundred dollars a year in cash, and all of your time.**

The value of this method will be appreciated when it is realized that the very item which is of most importance to an investor may appear in a publication which he never sees. Those who make a business of furnishing this information charge all the way from $10 a year for keeping an investor posted on one stock, to $60 a year for all securities. THE TICKER costs but $3 a year and will hereafter post you on every important corporation in such a way that if full details are desired they can be had by securing the medium referred to.

Items coming to hand by the 15th of each month are included. Earnings will in most cases be found in the Bargain Indicator on another page.

We are in line for suggestions as to how this department may be improved. Brokers are requested to put us on their mailing list.

Allis Chalmers—N. Y. News Bur. says bids on the Street to pay 1 p. c. for 30-day call on pfd. at 60. The 5 p. c. bonds have also been in persistent demand for some time. Business said to be increasing without reduction in prices. Approximately $400,000 of surplus earned last year will be maintained. Co. still feeling effects of depression, but execution of large orders recently booked will require a considerable increase in the per cent. of operating capacity in the near future. Plants said to be in excellent condition to handle increased business, owing to its policy of expending large sums for maintenance, repairs and renewals. Last fiscal year, out of net $2,573,-960, maintenance chgs. $778,476 and $313,-778 was set aside for depreciation. On May 1, Co. owed the pfd. stockholders 36¾ p. c. cumulative dividends on the $16,000,000 pfd. Stated on authority no probability any payment for some time spite of rumors to contrary.

Amalgamated Copper—Reported Co. practically out of copper market for further deliveries at present prices. Sold up to end of June, will take no orders for July delivery at present prices.——Boston News Bur. says: Stockholders have received $59,325,-000 in divs. April 27 marked tenth anniversary of the formation of the Amalgamated Copper Co., the organizers of which had conceived the idea of controlling through this corporation the copper market of the world. Although falling far short of the ambitions of its Standard Oil organizers, Amalgamated became, and has since continued to be, with the United Metals Selling Co., the largest single factor in the copper industry. Officials have refused to state exact ownership subsidiaries. General understanding Amalgamated owns between 50 p. c. and 60 p. c. of Anaconda's 1,200,000 shares, a like proportion of Parrot's 230,000 shares, and substantially all of Boston & Montana, Butte & Boston, Trenton and Washoe copper companies.

Am. Agr. Chemical—W. C. Langley & Co.'s letter says: Fiscal year ends June 30; is expected most prosperous in history. Two previous years showed more than 6 p. c. on the com., but divs. are not expected. Surplus earnings, after 6 p. c. divs. on pfd., have so far been kept for improvements and working capital.——Fin. World says: Notwithstanding the threatened new fertilizer competition by a company promoted by J. P. Morgan & Co., there is a good and increasing demand for the output of this company. This will be on account of the general agricultural conditions a good year for all fertilizer producing companies.

Am. Beet Sugar—W. St. Journ. says: Prospects excellent, com. likely to pay 4 p. c. this year. Has $2,750,000 cash in its treasury, independent of cash received from the recent sale of pfd. stock in open market. The company had $5,000,000 of pfd. stock authorized, against which it had outstanding $4,050,000. It has recently, however, sold $950,000. With this and other cash in treasury it will be in position to take care of the $3,000,000 of short term notes outstanding.——Following a meeting of directors announced that profits year end. March 31 were sufficient to pay the reguar 6 p. c. dividend on the preferred stock with a balance equal to 7 p. c. on the $15,000,000 common. Decided to pay off on June 1 next the $3,000,000 of 6 p. c. registered certificates of indebtedness due March 1, 1910. The company reports doing an excellent business at the present time, and the outlook is a very favorable one.——President Duval issued a statement saying any dividend on the common stock of the company in the near future quite impracticable.

Am. Can—Officers say are protected on all sides and conspicuously so in relation to tin plate supplies at the lowest possible cost. Co. said to be getting its full share of business in all can products. Reported that directors have under consideration a plan whereby the dividend arrearages on the pfd. stock will be paid.

Am. Car & Foundry—Moody's Mag. says: The Co. has developed all its plants to a high state of efficiency; annual capacity now 125,000 freight cars, 1,500 passenger cars, 350,000 tons of wheels, 300,000 tons of forgings and about 300,000 tons of bar iron. Co. was well managed from the beginning and immediately began payment of dividends on pfd.; at no time failed in earning and meeting its dividends. Output in the year 1908 was over 32,000 wooden freight cars, 51,000 steel freight cars, and more than 880,000 car wheels. Profit and loss surplus over $22,000,000.——Wall St. Journ. says: Co. closed fiscal year April 30. Net earnings for dividends expected to show about $2,800,000, or slightly in excess of $2,700,000 required to pay the pfd. and com. dividends. At end of 1908 fiscal year the Co. set aside out of the surplus earnings of that year a fund of $600,000 to be used in meeting the com. div. needs of the year just ended. The Co. has gone through the last twelve months without having to touch a dollar of this fund. Situation constantly improving and the Co. has within the last two months booked many orders for cars. ——Thos. Gibson says: A very conservatively managed corp'n with a bright future.

Am. Cotton Oil—Wall St. J. says: The refining field is largely taken up by the two big companies, the American Cotton Oil Co. and the Southern Cotton Oil Co. An amalgamation of these two companies would undoubtedly be of benefit to the shareholders of both, but there is nothing at the present time to warrant the belief that steps contemplating a merger have been taken or even considered.——Reports of consol. with Va. Chem. denied by the directors, who added that the upturn in the stock was due solely to the gratifying character of the company's business, which showed much larger earnings than had been expected and, in fact, than at any previous time in its history.

Am. Ice—Boston Fin. News says: Co. shows average earning power for last 5 yrs. of about 3 times fixed charges and from this point of view the new first and general 5s are a fairly secured industrial bond.—— Directors say will earn between 6 and 7 p. c. in the current fiscal year ending Oct. 31. Earnings already show an increase over those of last year; owing to the higher prices due to the scarcity of the ice crop the profits during the coming summer will be very large. Understood that the directors have decided to declare no dividends this year in spite of the increased earnings. ——Co. has officially raised its wholesale price from $3 to $5 a ton and the retail price from 30 to 40 cents a hundred.——C. D. Barney & Co. announce that the $3,000,000 first mtge. 5 p. c. bonds of the Am. Ice Co. have all been sold.

Am. Locomotive Co.—Moody's Mag. says: Co. represents an aggregate capacity of about 2,000 locomotives per an. Proportion of the entire industry controlled about 70 per cent. 7 p. c. dividend on its pfd. stock has been paid continuously from organization.——Fiscal year to end June 30 next, has been so poor that, it is reported, there is no possibility of the 7 p. c. pfd. div. being earned and the management will consider itself lucky, says this interest, if even half of it is earned. Compared with last year there is a loss of about 80 p. c. It has been nearly 16 months since the railroads have been in the market for locomotives to any appreciable amount. Estimated on an average 50,000 locomotives in use in this country, requiring an annual renewal of 10 p. c., or 5,000 a year. From a statistical point of view, therefore, some 6.000 locomotives have gone out of commission since Jan. 1, 1908, which loss will have to be eventually made up. Co. consequently looks for the next fiscal year to get back some of the profits that it lost this year.——Thos. Gibson says: Co. conservatively managed. Large working capital. The div. was passed in Sept., '08, to conserve capital—a good business move

Am. Smelting & Ref. Co.—Wall St. Jour. says: Transfer books have shown a gradually increasing number of pfd. holders, while com. names have correspondingly decreased. The change has not been a great one, but it is sufficient to establish that the consensus of opinion favors investment in the pfd. for the reason that its div. is quite secure, and that the stock around current prices yields almost 7 p. c., while, on the other hand, there is little chance of an increase in the near future in the com. div. rate, and that its yield at current quotations is only about 4.60 p. c.–Thos. Gibson's special letter on Smelters says: "The American Co. controls the Federal Min. & Smelt. Co., an important producer of both silver and lead. The Am. S. & R. Co. practically controls the production of lead in this country and owns an important if not controlling interest in the National Lead Co. The best information available leads me to believe that the company is now earning about 10 p. c. a year on its com. stock, upon which it is paying but 4 p. c. An official statement of earnings for the six months ended Oct. 31, 1908, showed a surplus applicable to com. divs. of $2,091,761, equivalent to 4.18 p. c. on the $50,000,000 com. stock, or an annual rate of 8.36 p. c."

Am. Steel Foundries.—Swartwout & Appenzellar, in a circular, call attention to speculative possibilities in this stock. They say: "The company is so amply supplied with working capital that present and future earnings need not be retained for this purpose. Its statement of June 30 last showed cash in banks practically sufficient to pay all current liabilities, with $1,900,000 (more than 11 p. c. on the capital stock) loaned on the Stock Exchange. Operating under its own patents and manufacturing for car equipment, the revival in the business of the car manufacturing companies necessarily brings business to the Co. whose patented specialties are standard on many of the largest railroads. The 4 p. c. debenture bonds of Am. Steel Foundries have recently been very active at about 70."

Am. Sugar Refining—Wall St. Jour. says: In ten years from 1891 to 1902 amount of com. stock was inc. from $25,000,000 to $45,000,000, and since that time there has been no change, nor any variation from the div. rate of 7 p. c. per an. The annual report showed a surplus of $22,697,722, which was a decrease from the $25,576,936 of the previous year.

Am. Tel. & Tel.—Hayden, Stone & Co. say: The market aspect of this property has undergone a very remarkable change. No one can investigate the strength of the Co. without becoming bullish on its shares. ——Reported since March 1 there have been presented for conversion of bonds into stock $62,000,000 worth. The bonds are being presented at the rate of about $1,000,000 a day. It is stated that 55 p. c. of the bonds offered for conversion represented New England investment, and that 45 p. c. for New York.

Am. Woolen—Prest. says: "Business was never so large as at present. Fully 90 p. c. of our looms are busy. Expect to do a gross business this year of $70,000,000, or nearly $20,000,000 more than the largest year in our history."

Atchison, Top. & S. F.—The $73,000,000 stock, application to issue which has been made to Kansas R. R. Commission, represents the unissued balance of the $100,000,000 com. stock authorized by the shareholders 2 years ago.——W. St. Jour. says: While stockholders cannot expect to see the Feb. rate of increase in net earnings continue throughout the remainder of the fiscal year, a careful estimate of the company's income for the year indicates that the balance applicable to dividends on the com. stock will be upwards of 12 p. c. If figures have any bearing on the question, it may safely be said that the Atchison's necessity for pouring its earnings back into the property to make a modern railroad has passed and that the stockholders may for the future expect to share more liberally in the earnings than has yet been the case. In the 13 years of the present Atchison Co.'s history ended June 30, 1908, its income over and above fixed charges and pfd. div. and the disposition thereof have been, in round numbers, as follows:

Surplus over pfd. divs.	$85,000,000
Paid on the com. stock	39,138,000
Bal. returned into the prop.	$45,822,000
Of which was exp. for improve.	24,000,000
Bal., carried to profit and loss.	$21,822,000

Robt. Goodbody's letter says: We believe Atchison stock to be relatively cheaper than many other big railroad stocks, and to have far less discounted the future. In it there has been no active speculation. ——The Fin. World says: Atchison will earn close to the record—about 12 p. c. It may not be generally known that the net earnings of the Atchison, for the last two years, reached a greater equivalent for its com. stock than the South. Pac. showed.—— W. C. Langley & Co.'s letter says: It is evident that Atchison is now one of the cheapest of the standard railroad stocks. The Fin. World says: Atchison is earning nearly three times the dividend on the com., and that can only point to an early return to a 6 p. c. div. basis.

Atl. Coast Line—Bonds authorized, $80,000,000, of which $28,673,250 reserved to retire prior liens, and for other purposes $858,300—outstanding $50,468,450. This issue is a 1st mtge. on about 1,020 miles and covers in all about 3,947 miles on which upon retirement of prior liens, becomes a direct 1st mtge—only a small portion unsold —at 97½ they net 4⅛ p. c.——W. St. Jour. says: The A. C. L. has in nine months earned nearly $2,000,000 more net profits than it had earned up to this time a year ago, and for the fiscal year ending June 30 next it should show a net surplus applicable to divs. of at least $5,100,000. In 1908 earned

a surplus of only $2,781,147.——N. Y. News Bur. says: There are indications that the Atl. Coast Line R. R. Co., with a continuance of the present business will earn 11 p. c. on its com. during the current year.

Balt. & Ohio—(See C. H. & D.)——Wall St. Jour. says: Enough of this fiscal year has passed to assure the company a respectable surplus over its 6 p. c. divs. for the year, in contrast with the deficit which provoked so much criticism last summer. Recent developments in the affairs of the Chicago Terminal Transfer Railroad, notably the court decision practically protecting the B. & O.'s leasehold from further attack, are favorable to the latter company's $17,000,000 investment in the defaulted 1st mtge. bonds of the Terminal Co. Apparently the time is approaching when the Burlington and other roads will begin to use the terminal company's extensive freight facilities and make it possible for the B. & O. to realize some direct and tangible return upon its money.——N. Y. News Bur. says: First three-quarters of its current fiscal period, B. & O. earned a surplus over and above all charges, taxes, etc., equal to a little over 5½ p. c. on its com., or at rate of better than 7¼ p. c. per annum.——Hayden, Stone & Co.'s market letter says: B. & O. is coming in for a good deal of investment attention on account of its relatively low level as compared with other stocks. At present it sells on an income basis of about 5.3 p. c.—considerably above average yield of the standard railroad shares.

Batopilas Mining—N. Y. News Bur. says: Yield for the first three months of the present year over 600,000 ounces. Amount of low grade ore in sight estimated by the Co.'s engineer 200,000 tons. Fall in the market value of silver decreased the Co.'s returns for bullion sold in 1908 by 17½ p. c., as compared with the previous year. The total current assets of the Co. on Dec. 31 last in U. S. currency amounted to $252,494 and current liabilities to $52,911.

Bethlehem Steel—Boston Fin. News says: Notwithstanding unfavorable conditions during 1908, the Co. closed its 12 months' period with a loss of less than $50,000 in net earnings, the exact amount of decline as compared with 1907, having been $446,602, or 16.92 p. c. Such an exceptional showing is quite in contrast with many of the other large manufacturing iron and steel organizations, both as regards the volume of decline and its percentage.

Brooklyn Rapid Transit—Wall St. Jour. says: Catching up with the $20,000,000 mark. Will go into May with its gross earnings within $25,000 of the same ten months in the 1908 fiscal year. On Jan. 1 gross receipts for the first half of the year were about $400,000 behind the same six months of 1907, but during the last four months, gross receipts have been increasing at the rate of nearly $100,000 per month. May and June are always among the heaviest riding months of the year and there is practically no doubt that earnings, which last year just failed to cross the $20,000,000 mark by about $130,000, will for the twelve months to end June 30, a little more than exceed that total. For the first 21 days of April the increase in gross has averaged $3,300 per day, with Sunday gains averaging over $7,000.——Boston Fin. News says: The best lawyers agree that a 5-cent fare law would be unconstitutional and that Co. is protected in its right to charge ten cents by the franchises it controls.——Legislature adjourned without passing the Wagner five-cent fare bill.

Butterick Co.—W. St. Jour. says: Earnings took a turn for the better months ago, Not to increase the present rate of div. of 2 p. c. per year is the only conservative thing that the company can do. The earnings of 1908 were only 2.8 p. c., compared with 2.2 p. c. in 1907.

Can. Pacific—U. S. Investor says: Analysis of statement indicates a potential value considerably in excess of market quotations. Increase in gross earnings during past nine months of $2,232,628 surpasses all records of American railroads. Co.'s lands, not scheduled as an asset, worth $100,000,000. Stocks and bonds in treasury probably worth $50,000,000 more than their book value.

Central of Georgia—W. St. Jour. says: The recent advance in the prices of income bonds is taken in some quarters as a probable forecast of a favorable decision for the bondholders in their litigation over the division of earnings.

Ches. & Ohio—Eve. Post says: During five years ended June 30 last, $10,000,000, or $2,000,000 a year, was deducted from current earnings for additions and improvements, including annual instalments on some $17,000,000 equipment notes. As a result of the Pennsylvania's policy, the property was turned over to its present owners in good shape physically. This diversion of earnings will no longer be necessary, and the company can devote a larger portion of its net earnings to dividends. It is its intention to do this.——It is expected that the complete returns will show an increase for April of $500,000. This almost remarkable expansion in the company's gross earnings, it is stated by a large interest, was due to the simple fact that the Ches. & Ohio is now handling a much larger volume of traffic than it was under the former ownership.——N. Y. Herald says: At a meeting of the executive committee of the Ches. & Ohio Ry. Co. yesterday it is understood the matter of increasing the dividend rate from 1 p. c. to 4 p. c. annually was discussed, and that it will be the committee's recommendation that the directors, at their meeting on May 20, take action accordingly. The Co. is prospering under the new control and recently ordered 35 locomotives from the Richmond works of the Am. Locomotive Co. Several hundred coal carrying cars will be needed in the near future.——Fin. World says: The meager increase of only $208,965 in the net earnings of this railroad in the first eight months of the current fis-

cal year would not warrant the expectation that the div. will be raised from 1 p. c. to 4 p. c., but the necessities of the manipulators of the stock will lead to that increase. Here is a case where the interests and the future of a railroad property are sacrificed for the benefit of a speculative clique.——

Chic. & Alton—Prest. gives notice that the $6,000,000 5 p. c. collateral notes will be redeemed on July 1, 1909, at par and accrued interest upon presentation to Merc. Tr. Co., N. Y.——One of the largest interests in the company says that dividend action on that security is not imminent, and that the directors have no intention of raising the rate at the next period. He and his associates are confident of the company's ability to earn and pay the present rate of 4 p. c. In due time they believe it will be possible and wise to pay 5 and probably 6 p. c.

Chic., Burl. & Quincy—The new general mtge. bonds, which are to be offered in exchange for existing issues, are dated March 2, 1908, and run for 50 years, bearing int. at 4 p. c. The bonds are a legal investment for savings banks in N. Y., Mass. and Conn.

Chic. & Eastern Ill.—Reported that the injunction secured some time ago by Gustave E. Kissell, restraining the payment of divs. on com. stock of the Chic. & East'n Ill. R. R. Co. and also among other things restraining the Co. from selling any of its securities, has been vacated and the action discontinued. This litigation has been under way for several years.

Chic. Gt. Western—One in close touch with the affairs of the road says there is no basis for the report that plans for the sale of Great Western new bonds have fallen through. He says: "It has not even been decided how many bonds will be issued. No arrangements had ever been entered into for the sale of these bonds and therefore no arrangements could possibly have miscarried. Everything so far is in a tentative state. The plan which has so often been quoted as that to be adopted—the one providing for a 15 p. c. assessment on the pfd. B and com. stock—is not official. From the state of affairs at present it appears that there can be no plan officially announced for some time.——J. of Com. says: Unofficially, but authoritatively, it is stated that a reorganization plan has been finally adopted by the various interests associated with Chic. Gt. Western. The terms are understood to be as follows: 1. A holder of 100 shares of debenture 4s will receive in exchange 100 shares new pfd. 2. A holder of 100 shares pfd. "A" will receive 120 shares new com. 3. A holder of 100 shares pfd. "B" will receive 60 shares new com. and 15 shares new pfd. paying an assessment of $1,500. 4. A holder of 100 shares old com. will receive 40 shares new com. and 15 shares new pfd., paying an assessment of $1,500. It is noted that the assessment on the com. stock practically amounts to 37½ p. c. as under the scaling down provision $3,750 (or 15 p. c. on 250 shares of old com.) must be paid to obtain 100 shares of the new com.——It is believed that the plan for the issuance of from $18,000,000 to $20,000,000 bonds to pay for contemplated improvements of various kinds, including the enlargements of terminals, double tracking, etc. According to statements made yesterday, the plan has been approved by the committee representing the debenture stock and by representatives of a large amount of the pfd. "A" stock. It is stated that the representatives of these two classes of stock regard the plan as a good one and that it will meet with success.——N. Y. News Bur. says: It is intimated that when the property is restored to the shareholders it is likely to be taken over by a larger system or divided between several important railroads operating in the same general territory. The statement is made by high railroad authorities that E. H. Harriman has a substantial interest in the securities and that after the road is reorganized it will probably be divided between the Chic. & North. and the Ill. Cent. By such an arrangement either of these two systems would be given an outlet to Kansas City. It is well known that Mr. Harriman is the most influential interest in the affairs of the Ill. Cent. and that while his name has not been prominently associated with the C. & N. W., he has had considerable to say with respect to the policy of that road. Such a disposition of the Chic. Gt. Western would entirely remove all anxiety as to the possibility of its again becoming a serious rate disturber, as it has been practically ever since its organization. It is pointed out that the expenditure of the proceeds of the proposed $18,000,000 to $20,000,000 bonds would put the property in first class shape and would make its lines valuable adjuncts of both the Chic. & N. W. and the Ill. Cent.

Chic., Mil. & St. Paul—N. Y. News Bur. says: The St. Paul's Pacific Coast extension will be completely connected up and in operation by about July 1 next. Construction work on the new line is now about completed. At the present time the St. Paul, in conjunction with the Union Pacific R. R. Co., is building a branch line to Gray's Harbor, a distance of about 100 miles, the cost of which, it is estimated by those familiar with the situation, will be at least $25,000 per mile, equally divided between the two companies. This will give the company a more direct route to the Pacific Ocean than by way of the Puget Sound. The St. Paul builds a large majority of its cars in its own shops, although it purchases some locomotives, Pullman cars, etc., from outside sources. Unlike some roads, the St. Paul purchases its Pullman cars outright and derives the full benefit of all discounts.——Thos. Gibson's letter says: In March, 1909, the $100,000,000 of new stock was fully paid for and now enters into capitalization. On this increased capital on the basis of 1907-08 business the com. stock earned 3.81 p. c.

Cin., Ham. & Dayton—Receiver confirms

report that B. & O. will acquire the road. He expects that the receivership will be vacated about July 1.

Cleve., Cin., Chic. & St. L.—W. St. Jour. says: It is easily possible that Big Four com. will earn 3 or 4 p. c. this year. On the other hand, the road needs perhaps $10,000,000 to take care of its floating debt, pay this year's instalment on the equipment trust certificates and restore a fair working cash balance. It can hardly be said, therefore, that a restoration of div. payments is in sight, even allowing for the maximum of improvement in earnings. The Lake Shore's ownership of $30,000,000 out of $47,000,000 Big Four com., for much of which it paid as high as 90, and the close holding of the minority stock among the Vanderbilt following, are factors in the market position of the stock. The floating supply of the stock is small. The weekly trading in it on the Stock Exchange seldom amounts to more than 1,000 shares.

Col. & Southern—W. St. Jour. says: Will probably earn 5.1 p. c. on com. current fiscal year. This will compare with 4.8 p. c. last year.

Col. & Hock. Coal & Iron—N. Y. News Bur. states: A director in the Col. & Hock. Coal & Iron Co. says that there is no truth in the report that an attempt has been made to "corner" the stock. He concedes that there was a pool in the stock, but declares that it was not formed for the purpose of manipulation. The pool, he says, had not at any one time any more than 10,000 shares in its possession, and had now disposed of all but 1,500 shares, having put it back on the market because the members believed that the stock was selling for more than it was worth and also for the very purpose of preventing heavy losses by shorts. In the first place the company has property in the Ohio oil fields near Bremen, which is now being developed and which it is believed will yield enormous profit, but whether this feature of the company's business, which is being conducted by a sub-company, fulfills expectations or not, the company owns aside from this a brick plant which, it is declared, in the coming year will earn 4 p. c. on the $7,000,000 com. stock.

Corn Products—Prest. says: "It is unlikely that more than $5,000,000 of the bonds will be sold at this time. Possibly $3,000,000 will not be exceeded. The unsold balance of the bonds will remain in the treasury to be issued from time to time for improvements and additions."—W. C. Langley & Co. says: More than $4,500,000 has already been expended for improvements, and all this has been paid from profits of the business. The bond issue is to provide for new construction. After these bonds are sold the company will be able to pay out of earnings the accumulated back dividends on the pfd. stock which amount to 6 p. c.——Speyer & Co. have purchased $5,000,000 of its new first mtge. 25-year 5 p. c. sinking fund gold bonds, being part of a total issue limited to $10,000,000 bonds.

Del., Lack. & Western—Ry. World says: In the five years ending Dec. 31, 1908, surplus earnings of both departments of the Lackawanna have amounted to $60,513,335, or 232 p. c. on the company's outstanding stock, after charging into expense the cost of additions and extraordinary improvements but including additions and betterments. This represents average earnings of 54.4 p. c. per annum. The railroad department has averaged 38.5 p. c. on the stock, and the coal department 16.8 p. c. The physical condition of the property has been well maintained and these enormous earnings are real profits. The profit and loss surplus of the company amounts to $36,000,000, or 40 p. c. over the capital stock. In case the commodities clause decision goes against the Lackawanna, it could distribute its coal lands to stockholders in the form of an enormous special dividend. If the decision of the Supreme Court is in favor of the railroads, the company's earnings will warrant a doubling of the present rate. ——W. S. Jenney, vice-prest. and general counsel of the D., L. & W., says: "The U. S. Supreme Court decision directly affects the D., L. & W. Our company owns its coal properties directly, and although I have not seen the complete decision, it is apparent that the D., L. & W. will have to divest itself of the legal ownership of these properties and form a separate company to take them over. The present stockholders will be given stock in a company which will represent, in distinction to their rights as holders in the railroad corporation, the Lackawanna's ownership of coal lands."

Denver & Rio Grande—W. St. Jour. says: Various roads have been mentioned as buyers for control of the Denver, the ulterior object being to gain an outlet to the Pacific coast over the Western Pacific—which is now nearly finished—from Salt Lake to San Francisco, two-thirds of control of this road being owned by the Denver & Rio Grande. It is well to remember that the Missouri Pacific owns 21 p. c. of the com. stock, but only 26 p. c. of both the com. and pfd.—— Hayden, Stone & Co.'s letter says: A good deal of the Denver's future is bound up in the Western Pacific, constructed from Salt Lake City to San Francisco. The Denver has given its credit and a large amount of capital to the building of this line, and owns $50,000,000 of its $75,000,000 capital stock. It is expected that the Western Pacific will be ready for complete operation some time next fall.

Distillers' Securities—Reported that this corporation had reduced its bank loans since the end of its last fiscal year by about $2,000,000 and had been recording since last fall a marked improvement in the business of the several companies controlled by it.

Erie—Thos. Gibson's letter says the deficit of the fiscal year 1907-8 has been more than made up in the 7 months ending Feb. 28. 1909.——Erie has accepted conditions laid down by the Public Service Commission

in its order permitting the issue by the road of $30,000,000 of collateral trust bonds. ——Erie in March doubled its net earnings, as compared with March, 1908.——Mr. Underwood's plan of making the Erie as low grade a road between New York and Chicago as any other trunk line will be practically completed by Nov. 1.——Reported that a high official of the Erie says that before the Erie purchased the Penn. Coal Co. it owned only the stocks of coal companies and no coal lands which it operated directly, and from which it transported the coal mined. He also said that since the acquisition of the Penn. Co. it had owned no coal lands directly. He further stated that the Erie management had made no preparations for divesting itself of the stock of its coal companies or for changing in any way its relations thereto. The directors and officers have been advised by counsel that the Erie's position under the Hepburn law was perfectly secure.——Gross and net earnings for March were both $600,000.——N. Y. News Bur. says: Judging from the showing that the Erie R. R. Co. has made thus far in the current fiscal year, the facetious remark of E. H. Harriman recently, that "the Erie could take care of itself," is being fully borne out by each succeeding monthly statement of revenues and expenses. The indications now are that the Erie road will show a surplus over and above all charges for the fiscal year to end June 30 next of approximately $3,600,000. This would be sufficient to meet a full year's first and second pfd. 4 p. c. div. and still leave a balance available for the com. stock of a trifle over $1,000,000, which is equal to approximately 1 p. c. on the $112,378,000 outstanding.

Federal Min. & Smelting—Stated that in Feb., 1908, the directors of the Fed. Min. & Smelt. Co. announced the discontinuance of divs. on the com. stock for an indefinite period. Prior to this action the rate had been 1½ p. c. quarterly. In Nov., however, they resumed payments by declaring a div. of 1½ p. c., payable Jan. 15 this year. If the stock were again on a 6 p. c. annual basis, as was implied by the last div. declaration, another 1½ p. c. div. would have been due April 15. But no such div. has been declared, and an official of the company says that none will be "until metal conditions are materially improved," so for all practical purposes the com. div. may be regarded as again passed.

General Electric—Reported gross business shows improvement of 17 p. c., compared with two months ago. One of the interesting features of the 1908-9 report will be the enormous cash balance disclosed. The company had on hand Jan. 31 over $21,000,000 cash, an increase of very nearly $10,000,000 during the 12 months and five or six times the amount of cash carried during times of ordinary activity.——The company has no bills payable or endorsed paper outstanding, and floating debt is less than $3,000,000.

Great Northern Ore—Fin. World says: The last annual statement shows another div. on the Ore certificates could have been paid out of the earnings, which amounted to $1,749,204, while a div. of $1 requires only $1,500,000 on the 1,500,000 certificates outstanding. The last $1 div. was paid Feb. 14, 1908. The div. expected this year is therefore much overdue. The delay is probably due to the efforts of the Minn. Legislature to place a tax of from two to five cents a ton on all iron ore mined in the State. The State Legislature did pass such a law, but Gov. Johnson vetoed it on the ground that it would cripple the development of the mineral resources of the State. With this danger removed, there may be soon another $1 div. on the Ore certificates. They certainly sell too high for a security that nets only $1 a year, but the prospects of larger returns as soon as the iron industry becomes normal are so bright, that many holders of these certificates prefer to keep them chiefly for that reason.

Ingersoll-Rand—Ingersoll-Rand Co., year ending Dec. 31, 1908, shows surplus $984,747, against 1907, $920,632; 1906, $461,752.

Interborough—It is learned that the gross receipts are now increasing at the rate of $8,000 a day.——Increase in March more than 4,133,000 passengers. Fast overtaking the elevated system. April 12, 1909, was the biggest day in the subway's history, when there were carried 893,000 passengers. ——Earnings of the Interborough R. T. Co. continue to show remarkable gains in gross. For the first 23 days of April the daily gain in gross receipts was about $6,200, which is well up to the March monthly average of a daily gain of $6,300. The steady increase in Int. R. T. receipts is simply another reminder that the city has outgrown its subway facilities. The present lines were constructed to handle a total of about 500,000 passengers daily. At the present time they are handling 800,000 week days and only day of the week when the volume of business is normal is Sunday, when travel drops off between 40 p. c. and 45 p. c.——Judge Lacombe, in the U. S. Circuit Court, handed down an order adjourning the sale of the Met. St. Ry. Co.'s property, under the foreclosure proceedings brought by the Guaranty Trust Co., until June 29, on the petition of the Guaranty Trust Co.

Int. Harvester—The balance sheet, as of Dec. 31 last, shows cash on hand amounting to $9,339,055, as compared with $3,573,893 in the previous year. Prest. McCormick says that the financial position of his company, notwithstanding the general business depression of the past year, is stronger to-day than at any time since its organization. The company's sales of farming implements abroad last year were larger than in any former year in his history, aggregating about $300,000 more than in 1907, which was the previous high mark.——Eugene Meyer & Co.'s letter says: The company has no bonded debt; its cumulative pfd. shares are pfd. as to profits and as-

sets, and are thus a pfd. creditor in event of liquidation. The shares should therefore rank with the bonds of other industrial companies and sell on a corresponding income basis. The entire capital is represented by tangible property which was independently appraised $7,000,000 in excess of its book value in 1902, and since then nearly $19,000,000 has been reinvested from profits for betterments, extensions, etc. The company's net profits for four years past have averaged nearly double the pfd. div. requirements of 7 p. c. a year. Net profits in 1908 after deducting exceedingly liberal amounts from operating income for appropriations for renewals and additions, depreciation, extinguishment of ores, and for contingent losses, amounted to $8,885,682. This is equal to 14.80 p. c. on the pfd. shares, or sufficient to pay a 7 p. c. div. on the pfd. shares, with a balance of $4,685,682 to spare.

Inter. Merc. Marine—Harlan & Wolff are now busy with the building of our new two sea monsters, the Olympic and the Titanic, each to be 45,000 tons. These ships will be in the White Star Line service and prove a revelation, according to the plans prepared. In the meantime we shall have the Laurentic and the Megantic in service between Montreal and Europe before another three months. All in all, the transatlantic trade is more promising than in the past 18 months. We expect freight traffic will also increase in volume, and the tariff will be no hindrance, no matter which way the verdict reads. Increased prosperity will make it essential to bring more goods into the country just as the exports are bound to be correspondingly larger.

Int. Paper—Int. Paper reports business as normal, with all of its paper and pulp mills running at aproximately full capacity. Prices continue firm on about the same basis that has obtained during a greater part of the current fiscal year, and as compared with the first six months.

Int. Steam Pump—At the annual meeting Prest. Guggenheim said business is now running at the rate of 80 p. c. of normal.

Kan. City Southern—Meeting called for June 29 to ratify the $21,000,000 bonds which have been authorized by the directors.——Holders of the K. C. Southern Ry. Co. 5 p. c. collateral gold notes are notified that the principal and int. of all notes paid on presentation to the N. Y. Trust Co.——Officials of the company assert that their property is and has been maintained in a most efficient manner and that when business assumes the proportions of the prosperity period of, say, the 1906 and 1907 fiscal years again, it will be fully prepared to take care of it. A factor, which is expected to figure prominently in the company's operations from now on, is the traffic agreement with the Harriman lines, which, it is claimed by those well-informed, will result in $1,000,000 a year enhancement of earnings for the K. C. Southern.——Wall St. Jour. says: The proposed bond issue of the K. C. Southern may very well mean dividends for the com. stock within the next twelve to eighteen months. Otherwise any such expectation could not have been considered. The new money which is to go into the K. C. Southern should be productive of large earning power, not merely because the road is in a territory which is fast developing, but also because it is practically assured of a very large increase in revenues as a result of the traffic alliance which it has made with the Harriman Pacific properties.——Ry. World says: The K. C. Southern is a valuable railroad property. Its northern terminal, Kansas City, is rapidly increasing in population, the territory traversed by its lines is highly productive and the recent arrangement with the Union Pacific for the interchange of traffic at Kansas City will add largely to the earnings of the weaker road. The surplus income of the company, which in 1906 was only $933,000, rose to $2,455,000 in 1907, and in the year of severe depression was $1,614,000. The security of the new bonds, it is evident, will be ample.

Louisville & Nashville—The Statist says: The net profit 1908-9 will exceed $7,000,000 and will be equal to a return of about 12 p. c.——Fin. World says: Louisville & Nashville earns now about 15 p. c. on its com. stock and it cannot be seen how it can long delay putting the div. back to 6 p. c.

Missouri Pacific—Boston Fin. News says: During the past nine years the Missouri Pacific has paid an aggregate of 40 p. c. in divs. on its capital stock, while its actual earnings for the corresponding period available for divs. were equal to 69.27 p. c., leaving an excess of 29.27 p. c. earned over and above div. disbursements. Therefore, the company's earnings available for divs. from 1900 to 1908, both years inclusive, were at the annual rate of better than 7½ p. c.——W. C. Langley & Co.'s letter says: The completion of the West. Pac. is expected to mark the beginning of a new era for the Mo. Pac. system, and as the parent company has large holdings of stock in its subsidiaries it is likely to receive large benefits both directly and indirectly. Although Mo. Pac. looks high at present, before many years it is likely to sell higher than it did in 1902, when it earned 8.4 p. c. and crossed 125.

Newhouse Mines & Smelters—Boston News Bur. says: A plan of reorganization for the Newhouse Mines & Smelters is under consideration, which will result in the holders of the $600,000 bonds agreeing to accept therefor 250,000 shares of new stock and the holders of the present 600,000 shares of outstanding stock paying an assessment of $1 per share. Such assessment would give the company sufficient money to pay off its floating debt and leave between $300,000 and $400,000 in cash remaining in its treasury to pay for the remodeling of its mill and provide working capital.

N. Y. Air Brake—Interstate Commerce Commission demands that all cars must be fitted with air brakes. Only a portion have been so equipped heretofore.

N. Y. Central—W. C. Brown, president, is authority for the statement that the system handled 1,490,976 loaded cars in April, which

is 260,871 more than it handled in April of last year, and is greater than the road ever handled in the same month in its history, save in the phenomenal railroad year of 1907. Mr. Brown added that the traffic for May shows an average increase of 9,000 to 10,000 loaded cars a day, a showing which if continued will result in a larger movement than the road has ever experienced in May.

N. Y., N. Haven & Hartford—N. Y. Herald says: It is authoritatively stated that the New Haven has practically assented to the terms of a bill drawn up for the control of the Boston & Maine.——A prominent officer of the N. Y., N. H. & H. R. R. Co., to-day, after examination of the commodities decision of the U. S. Supreme Court, states that it leaves the interests of the New Haven company entirely unaffected. The New Haven company controls the N. Y., Ontario & Western road by a small majority of the stock and the Ontario & Western takes coal from certain mines in the Scranton region of Penn., in which it holds stock. Such stockholding, in the opinion of the officer referred to, as he reads the opinion of the Supreme Court, does not constitute ownership and exempts absolutely the Ontario & Western from the operation of the Hepburn Act.

Norfolk & Western—The Pennsylvania company has purchased the $19,000,000 Norfolk & Western sold to Kuhn, Loeb & Co. in Sept. of 1906, together with $15,630,000 Ches. & Ohio. The stock of the last-named road was sold by Kuhn, Loeb & Co. last Dec. to a syndicate headed by Edwin Hawley. With the $18,000,000 Norfolk & Western already owned by subsidiary companies, the Pennsylvania now holds 40 p. c. of Norfolk & Western's stock, enough to insure absolute control. It is understood that in time the Pennsylvania intends to issue bonds against its Norfolk & Western holdings.

N. Y., Ont. & Western—Rumors in the Street to the effect that an increase in the div. rate from 2 p. c. to 4 p. c. of the New York, Ontario & Western take no account of the present earnings of the road. The eight months of the fiscal year ending with February show a surplus of $842,235, which is equal to 1.4 p. c. on the $58,113,982 capital stock, and is at the rate of 2.1 p. c. per annum.

North American—Reported earnings 10 p. c. over a year ago. Co. resumes div. payments on its com. stock, the first declaration of 1¼ p. c. since the div. was passed; is now receiving a safe margin over its div. requirements.——Boston News Bur. says: The North American owns the entire capital stock of a distributing company formed for the purpose of buying current from the Keokuk & Hamilton Water Power Co., controlling a great project for developing hydro-electric power. The distributing company has agreed to buy 60,000 horsepower for a period of 99 years, and has concluded contracts for resale of this current to the Union Electric, Laclede Gas Light and the United Railways of St. Louis. It is expected delivery will begin in 1912.——Reported that the sale of the Laclede Gas Light Co. of St. Louis by the North Am. Co. to the Am. Light & Traction Co. will shortly be ratified, according to a statement made by a director in each of the companies. The price to be paid for the 74,000 shares of com. stock owned by the North Am. Co. will be about $7,500,000. This amount, it is said, will be paid, $1,500,000 in cash, $2,500,000 in debenture bonds, $2,500,000 in pfd. stock, now quoted around 106, and 5,000 shares of common stock quoted at 192, the bonds and stock being of the Am. Light & Traction Co.

Northern Pacific—Wall St. Jour. says: Unless something unexpected happens net income should be in the neighborhood of $27,800,000, a gain of approximately $1,300,000 over the last fiscal year. As nearly as can be estimated, the company will earn a surplus in the present fiscal year after regular fixed charges equivalent to about 9.6 p. c. on its stock. The No. Pac. is strong in cash. It is understood that it has at the present time about $35,000,000 of cash, and it has been strong in cash throughout the year. So it is quite possible that its "other income" may be somewhat higher than is above indicated.——Fin. World says: The transfer of the Burlington to the Gt. Northern by the Nor. Pac. may mean a substantial extra div. for the shareholders of the latter road this year.

Penn. R. R.—Thos. Gibson's letter says: It will readily be seen how remarkably well provided with cash the company now is, with approximately $55,000,000 current assets in excess of current liabilities. It should be remembered that although the cost of the tunnels and terminals up to the end of 1908 had aggregated $77,500,000, only $46,500,000 of this stands on the books as an expenditure, against which stocks or bonds have been issued. The remainder, $31,000,000, has been covered by the use of surplus income, incidental profits on the sale of stock holdings, such as Ches. & Ohio and Norfolk & Western, and accumulated surplus.——R. R. World says: Reports compiled by the company show that during 1908 the railroad carried 142,676,779 passengers—an average of over three trips for every inhabitant of the states through which its lines run. Likewise, during the year the company handled 334,429,541 tons of freight over its 23,977.41 miles of track—an average of nearly eight tons to every person living in the states it serves.——Penn. R. R. has purchased additional shares of the Norfolk & Western Ry. Co., thus bringing the company's entire holdings up to about 37 p. c. of the whole capital stock (see N. & W.)——The Penn. R. R. has cash resources which are not excelled even by the Steel Corp'n, and are certainly not equaled by any other American railroad.

Peoples Gas—N. Y. News Bur. says: Ten-year earnings average 7.87 p. c. over 8¾ p. c. earned last year; surplus $10,637,881. Announcement of a 1¾ p. c. quar. div. places

the stock on a 7 p. c. per annum basis. Judging from the showing, can easily pay the present 7 p. c. dividend at least so long as the rate per thousand feet of gas received from consumers is continued at the present 85c. level.

Pressed Steel Car Co.—Moody's Magazine says: The Co., which ten years ago was regarded as something of an experiment, has now come into position as a corporation of vast volume of business and great possibilities of profit. The cars, which it introduced ten years ago, are now in general use and have very largely displaced the old wooden freight cars. Co. has accumulated a profit and loss surplus of nearly $7,000,000, and the past few years has shown a gross business ranging from $35,000,000 to $40,000,000.——Thos. Gibson's letter says: In 1904 a deficit was shown; 2 years later earnings were 17.25 p. c., showing flexibility. Not badly managed. Keen competition decided the Co. to stay out of the market rather than take business at a loss.

Quicksilver—W. C. Langley & Co.'s letter says: Advance due in part to the recent development of large bodies of ore, to be described in forthcoming annual report. Higher prices expected, although current earnings have not been encouraging.

Rock Island—Hayden, Stone & Co.'s market letter says: The lines embraced in the Rock Island and 'Frisco systems—controlled by the R. I. Co.—aggregate 14,200 miles. R. I. pfd., representing an equity in the surplus earnings of both systems, is outstanding in the amount of $49,139,300, or only $3,500 per mile. R. I. com. outstanding is $89,733,702. At present the pfd. stock is entitled to 4 p. c. non-cumulative divs. After Jan. 1, 1910, it will be entitled to 5 p. c. The favorable point about the R. I. Co. is the territory covered by its controlled lines. The market strength of the shares, therefore, is probably based on the improvement in the R. I. situation as a whole and the outlook for establishing the R. I. Co. on a permanently sound basis, rather than on any near developments, with regard to divs.——Wall St. Jour. says: Statement C., R. I. & P. Ry. and the St. L. & S. F. for March best issued since before depression. The payment of any div. on the $29,000,000 of com. stock a possibility almost too remote to be considered. Save for a few shares held by directors, the latter class of stock is all owned by the R. I. Co. It was acquired in 1903. As long as the 'Frisco is not able to disburse anything on its com. stock the ownership of it under the conditions on which it was acquired is a heavy drain, and partly accounts for the holding company's inability to pay anything on its pfd. stock. It is easily seen, therefore, that if the St. L. & S. F. can eventually reach a position where it will be able to pay a com. div. the result will be to at once greatly enhance the value of all the R. I. Co.'s securities. At the present time the latter's only source of income is the 5¼ p. c. div. paid it by the C., R. I. & P. Ry. Co., and this is only sufficient to meet interest charges on its outstanding bonds. An increase in the railway div. may come some time, but earnings do not yet justify it.

Ry. Steel Springs—Wall St. Jour. says: From the standpoint of railway equipment as a whole, the business reflects largely the amount of locomotive and car building now in force. Since its products enter into the construction of all steel cars and wooden cars alike, the recent increase in orders for the latter kind has probably caused a slight improvement in demand for steel springs. There is, nevertheless, no necessity for enlarging the present working forces, in the opinion of one familiar with the business of the Ry. Steel Spring Co.——N. Y. News Bur. says: There is little likelihood, however, of the company resuming divs. on its com. stock this year, unless business during the coming summer should be unexpectedly large. The last div. (semi-annual) was passed in March and the next is due to be declared in Sept. Net earnings last year on the $13,500,000 pfd. stock and $13,500,000 com. stock were only $975,619, the worst in the company's history, and compared with $2,340,136 in 1907. The company did not even earn, after the deduction of int. chgs., its 7 p. c. on the pfd., a part of which had to be paid out of surplus. Although the loss was partly due to large expenditures written off for improvements, and although it is probable that the year's earnings will be better, it does not seem probable from the present outlook that they will show much left for the com. stock.

Reading—Discussing the latent wealth of the company, James B. Clews said yesterday: "When the Reading Co. secured $14,500,000 of Jersey Central stock at $160 per share, the company was criticized for paying such a high figure. Jersey Central is now quoted at 255½, which represents a profit to the Reading Co. of about $14,000,000 on the purchase price. By the acquisition of the Jersey Central the Reading Co. practically secured control of 63 p. c. of all the unmined anthracite coal in Penn. It is this valuable asset which gives the Reading Co. such a future. As yet there is no substitute for hard coal."——The net earnings of all lines and departments of the Reading for last March amounted to $2,084,236, which is almost double those of March, 1908, and larger than any other March in the company's history. As there has been no increase in fixed charges and taxes which come out of net earnings, the net surplus for the month, which was $1,215,611, makes a most encouraging showing in comparison with previous years. In recent years the net surplus has been: March, 1906, $907,490; March, 1907, $639,146, and March, 1908, $327,813. Thus this is the first time the net surplus for the month has crossed the million dollar mark. If the improvement shown in March is maintained through the balance of the fiscal year it will be the most prosperous since the reorganization of the company in 1896.——N. Y. News Bur. says: Earnings equal to about 10 p. c. on com., compared with 8.72

p. c. in the previous year, 7.85 p. c. in 1907 and 6.48 p. c. in 1906, actually earned on the junior issue.

Republic Iron & Steel—Current year will show a gain of about $1,000,000 regardless of low prices for steel.——Herald says: Co. is preparing to start more of its long idle equipment as well as put larger forces at work in the mills now running at part capacity. Of the sixty-one furnaces in the Pittsburg district forty-seven are now in blast.——Chairman says tendency is now upward, but believes improvement will be gradual, without sharp upward movements. ——Fin. World says: The Rep. Iron & Steel Co. contemplates a new bond issue of $10,000,000 to provide more working capital and a war chest for its fight against the Steel Trust, a fight, in which all independent steel companies are engaged. It is doubtful whether a market for a new bond issue of the Rep. Iron & Steel Co. can be found.——Fin. Chronicle says: Co. will issue no bonds as reported.

St. Louis Southwestern—W. C. Langley & Co.'s letter says: Co. is doing very well. Feb. statement showed inc. net from $54,878 to $141,363. Past 4 years surplus available for pfd. averaged about 5 p. c. So far policy of Co. to spend surplus for improvements; time approaching when full 5 p. c. div. can be paid on the pfd., without stopping improvement work.

Seaboard Air Line—Ry. World says: Receivership may be terminated before long. ——Boston Fin. News says: A man who is intimately familiar with the affairs of the Seaboard Line Ry. says that in his judgment there is no occasion for the holders of any class of the company's securities to make a sacrifice in order to take the property out of the hands of the receivers and restore it to the stockholders. During the last five months, he says, the net earnings have been at the rate of $5,000,000 a year, which is $1,000,000 in excess of the annual interest charges, including interest on the floating debt.

Sloss-Sheffield—Reported earnings increasing and if they keep up it means 9 p. c. made for com. Five of the seven furnaces are in blast. Production at rate of 25,000 or 30,000 tons a month. Earnings since Nov. 30 have been showing up much better than last year's. A director says that if continued throughout the year they will mean about 9 p. c. earned on the $10,000,000 com. stock, which would compare with 5 p. c. so earned in the last fiscal period. ——J. C. Maben, president, says that action on the quar. div. on the com. stock will be taken some time this month. The payment will be made in June. Three months ago directors restored the stock to a 5 p. c. basis, the rate which was being paid prior to the depression in 1908. When the directors meet this month, the payment of at least 1¼ p. c. will be ordered. Mr. Maben says that it is not yet fully decided whether any part of the ¾ of 1 p. c. which was not paid during 1908 will be made up at this meeting. The earnings during March were equivalent to practically 10 p. c. on the common stock.

Southern Pacific—Thos. Gibson says: The Southern Pacific's lines are now a modern and efficient railroad and can be depended upon in good times and bad; second, it is closely affiliated with the Union Pacific, one of the greatest money-earners in the country, and, third, both roads have banking connections of the strongest sort. The $80,000,000 convertible bond issue will not only clear away the floating debt, but furnish the company with the new capital it needs for a considerable time to come.——Hayden, Stone & Co.'s letter says: An increase in the div. rate will probably come in time, inasmuch as the earning power making larger divs. possible is steadily materializing.——The new bonds are to run twenty years and are convertible until June 1, 1919, into com. stock, at the option of the holder, at 130. This is equivalent to a 4.30 p. c. basis, and conversion can be profitably made with Southern Pacific stock at 125. After March 1, 1914, the company has the option of redeeming them at 105.——Alfred Mestre & Co.'s letter says: The Southern Pacific Co.'s treasury holdings of stocks and bonds of other roads, June 30, 1908, showed a total of $465,985,122 owned, of which $334,420,933 was pledged and $131,564,189 still free. The Co. also controls large blocks of land throughout the West, 14,479,992 acres are still unsold. The average price per acre received last year for land sold was $3.51.——Net for eight months showed 17 p. c. increase over last year.——Thos. Gibson says: The Co. is now earning about 8½ p. c. on the com.——W. St. Jour. says: U. P. owns nearly $35,000,000 S. P. pfd., or 45 p. c. of the whole. And inasmuch as the U. P. and the S. P. are, to all intents and purposes, one institution, any problem or "deal" which might arise about the pfd. stock would, because of this situation, be very much simplified. There is much speculation among security holders of the S. P. Co. as to whether or not the option of the holders of the pfd. stock to convert their shares into the com. stock will be nullified in the event that the S. P. management exercises its privilege to redeem this pfd. stock at $115 a share. An extract from one of the resolutions covering the convertible feature says that "it (the pfd. stock) shall be convertible into com. stock, share for share, at the option of the holders at any time; and shall be redeemable at the option of the company, on or at any time after the first day of July, 1905, and before the first day of July, 1910, at $115 per share." To assert that the stockholders cannot convert when a call for redemption is issued is to deny the plain statement that the pfd. stock is convertible "at any time." There should be little if any question, in view of this resolution, that if the Southern Pacific Co. calls in its pfd. stock at $115 a share, which it may do any time prior to the first of July, 1910, the pfd. stockholders may do either one of two things, viz.: (1) Surrender their stock for

cash at $115; or (2) convert into the common stock.——N. Y. News Bur. says: Indications now are that the company will earn better than 10 p. c. on its com. Such a showing is based on a straight 12 months' increase of 18 p. c. in net earnings, which is about the ratio of expansion shown for the first 3 quarters thus far reported. To be conservative, also, allowance is made for a liberal increase in fixed charges of say $1,000,000 over 1908.

Southern Ry.—N. Y. News Bur. says: Announcements regarding the additional sale of So. Ry. 4 p. c. bonds and the offer of J. P. Morgan & Co. to purchase at 100¼ the 6 p. c. convertible notes of 1911, exchanging for them new development 4s at 80 and interest, indicates the intention of Co. to anticipate payment of its outstanding short term notes before maturity, if such can be done on advantageous terms. The $15,000,000 convertible 6s may be called in at the option of the company on four weeks' notice prior to any interest date. Under that provision, it would not be possible for the company to exercise its privilege until Nov. 1, though doubtless many of the noteholders will accept the offer to sell them to the Morgan firm at 100¼, taking payment in the development 4s. It is stipulated that these notes may be converted into the development 4s at 80 prior to May 1 next, after which the conversion price advances to 82½ and holds at that figure until May 2, 1910. After that date they are convertible into the bonds up to the time of their maturity May 1, 1911, at 85. It is generally recognized that the recent bond transactions have materially strengthened the company's financial position.——J. P. Morgan & Co. announce that they will buy So. Ry. 6 p. c. notes, due May 1, 1911, at 100¼ and interest, in exchange for So. Ry. development and gen. mtge. 4 p. c. bonds at 80 and interest. They reserve the right to terminate this offer without notice.——For the eight months ended Feb. 28 last the So. Ry. Co. earned a surplus over and above all charges, expenses, etc., of nearly $2,500,000, which is sufficient to meet a full 5 p. c. div. on the $60,000,000 pfd. stock for that period and leave a balance available for the junior issue closely approximating $500,000. Such a favorable result may be considered as highly significant when it is recalled that last year for the entire 12 months the surplus available for divs. after charges, taxes, etc., was less than $500,000, and that for the fiscal year 1907 the company's full 5 p. c. pfd. stock div. was not earned by about $700,000. Judging from the foregoing exhibit and the fact that expenses have not been curtailed to the detriment of the company's property, it is apparent that the So. Ry. Co. is to-day in better shape for economical and expeditious operation than ever before in its history.——Kissel, Kinnicutt & Co. So. Ry. letter says: For fiscal year indications point to gross earnings of about $52,000,000, with reduced operating expenses so as to yield a very substantial surplus.

Tennessee Copper—Div. not passed, Lewisohn says. Action delayed by uncertainty surrounding fertilizer deal and poor copper conditions. Deal, however, is now closed. Co. has already received $500,000 as initial payment on the contral with U. S. Fertilizer Co., and $1,000,000 more is due before end of July. Latter alone equals $20 a share, which seems to assure a div. "Even eliminating the money coming from the Agricultural Corp'n, have enough cash on hand from copper mining operations to pay a dividend at the old rate."

Third Ave.—Report by receiver states that its earnings for the fiscal year ended April 1 were $500,000 larger than those for the previous year and that the number of fares received by the road had increased by about 10,000,000.

Union Bag & Paper—The Union Bag & Paper Co. has sold $1,000,000 1st mtge. 5 p. c. gold bonds to Lee, Higginson & Co. and the National City Bank. These bonds are offered for sale at 96¼ and interest, yielding 5.30 p. c. They are a part of an authorized issue of $5,000,000 and the amount outstanding, including the present offering, is $3,200,000. They are redeemable at 105 and interest. According to a letter issued to the bankers by the president of the Co., its net earnings are more than six times the interest on the bonds, and the valuation of the properties covered by the mortgage is more than four times the amount of all debts, including the new issue. The Co.'s timber properties alone are valued at $3,200,000, covering 2,550 square miles and containing a supply large enough to last the company 50 years at the present rate of output. In addition the company has $14,725,000 worth of sulphite mills, pulp mills, paper mills, bag factories, water powers and net current assets, making a total valuation of $17,975,000. The net current assets stand at $2,850,000.

Union Pacific—Wall St. Jour. says: There is every reason to believe that the company in the present fiscal year will earn a net surplus before fixed charges which should exceed $56,000,000, which is not only the largest net surplus ever earned by the U. P., but the largest surplus that has ever been earned by any American railroad. Assuming, therefore, that the company's net surplus will be $57,500,000, and that the fixed charges will be $13,500,000, the surplus for divs. should be approximately $44,000,000. After the deduction of the 4 p. c. divs. on the $99,544,100 of pfd. stock, there should be a balance for the com. stock of approximately $40,000,000, which is equivalent to nearly 20½ p. c. on the $195,487,900 of com. stock. This is a position of tremendous strength. It is not easily understood as nothing like it has ever been seen before in a railroad company.——N. Y. News Bur. says: It is apparent that the company's total earnings available for the junior issue for the present fiscal year will be equal to about 20 p. c.

U. S. Cast Iron Pipe—Operating nearly 90 p. c. of capacity orders booked in past month, 60,000 tons.——The directors have

taken no action on divs., and will take none until after a decision is rendered by the Court of Errors and Appeals of New Jersey. The decision is expected about the middle of May.——N. Y. News Bur. says: Business last four months more than 50 p. c. better than for the corresponding period a year ago. Operation risen from 25 p. c. of capacity, the lowest reached at that time, to 80 p. c. at present. In the last fiscal year the company failed to earn its 7 p. c. pfd. div. It is improbable that they will be sufficient to warrant the immediate resumption of divs. on the com. Expected the N. J. Court of Errors and Appeals will hand down decision on legality of payment pfd. div. out of working capital about the middle of June. The plan to pay the div. in this manner was enjoined last August. Four quarterly payments, totaling 7 p. c., have been held up by the injunction.

U. S. Realty & Imp.—N. Y. News Bur. says: Earnings for fiscal year ending April 30, it is stated, will be equivalent to about 10 p. c., as against 8 p. c. in the previous year.——Reported company will have a surplus at the close of the current fiscal year of close to $3,800,000, a gain of approximately $900,000 compared with the preceding year. Its cash holdings run very close to $1,500,000, the largest since its organization. The U. S. Realty & Imp. Co. has on its books a volume of business approximating $21,000,000 in value. This would seem to indicate that the construction branch of the company's business will be kept active for the rest of the year. The company is benefiting largely as a result of the reduction in the prices of steel. This ought to mean a saving of several hundred thousand dollars a year.——N. Y. Tribune says: That U. S. Realty's next div. is to be at the rate of 6 p. c. is now tacitly admitted by the company's directors—making the yield to an investor at the present market price close to 8 p. c. Over twice 6 p. c. is earned.

U. S. Steel—Moody's Magazine says: For nearly a year the corporation had been operating to the extent of only about one-half of its possible output, but since the changes in prices have been announced, the growth in orders received has been so great as to represent at the present time something like 75 to 80 p. c. of the possible output of the entire concern. A real demand is now in existence and must be satisfied, whether any future reductions are imminent or not. ——Prest. Gary says: Within about 60 days, when prices began to get close to the bottom there was more buying, and we are now doing the largest volume of business since Dec. We are well satisfied with the conditions and regard prospects bright. The concern, he asserted, had done as much, or more, than any other interest in following the course it did during the panic. "During that time," he said, "the U. S. Steel Corp'n had $75,000,000 cash in banks, of which $50,000,000 was in N. Y. Of this it withdrew less than $2,000,000 at the time to buy some securities. More would have been purchased and money could have been made by so doing, but the corporation refrained from withdrawing additional amounts from the banks, lest such procedure should make the situation more acute."——Boston Fin. News says: Transfer books disclose the fact that Shearson, Hammill & Co., who were credited with heavy selling last Feb. for insiders, actually held 162,000 shares of com. and 22,000 shares of pfd. when the books closed. This is the largest amount ever held in one name, it is believed. Housman & Co., who have been prominent in Steel, held 13,000 of com. It was supposed in the Street that their holdings were considerably larger than this. The Morgan firm holdings are about 15,000 shares.——Freeman, Rollins & Co.'s letter says: The Ill. Steel Co. (a part of the Steel Corp'n) is receiving the largest number of orders in its history. Structural steel business is actually booming. Building construction in Greater N. Y. during March shows an increase of about 350 p. c. over March, 1908, and an increase of about 200 p. c. over March, 1907. Outside N. Y. an average gain of nearly 40 p. c. over 1908.——The Iron Age directs attention to the activity in pig iron, and the tendency to higher prices in some of the finished steel products. The Iron Trade Review makes similar comment, and says increased activity has developed in practically every department of the iron and steel trade except rails.——Unless there is a decided slackening in the volume at which current orders are being received by the U. S. Steel Corp'n, there is every reason to believe that the June 30 quarter will show net earnings well above those for the one just made public. It is stated in usually well-informed quarters that the orders booked during April by the corporation were approximately twice the size of those received for the two previous months combined.——Wall St. Jour. says: It is understood that the U. S. Steel Corp'n's new business is now running at the rate of more than 24,000 tons a day, or approximately 700,000 tons a month. Compared with a year or so ago, this average can be regarded as satisfactory. The average daily business in April of last year was 14,000 tons; in March 13,000 tons, in Feb. 12,000 tons, and in Jan. 8,000 tons.——Hayden, Stone & Co.'s market letter says: Steel common at nearly its best price, with the steel industry still at 70 p. c. or less of normal, is undoubtedly a market anomaly to many people. We should ascribe the position of the stock to these two factors: 1. Divs. of 2 p. c. are now pretty securely established as the minimum through all periods, good and bad alike; and, 2. The public absorption of the shares has been so large that the stock has gained enormously in market elasticity, and is thus able to reflect future conditions, according to the best views, with greater efficiency than ever before.——Eve. Mail says: There are certain indications not generally recognized which suggest the enormous gain that the Steel Corp'n has made through its Gary plant, and the uncomfortable position in which

this plant has placed some of the independents.

Utah Consolidated Mining—Hayden, Stone & Co.'s market letter says: Some of the advantages that will accrue to the company through the opening of their new smelter may be enumerated as follows: 1. Larger output; 2. A correspondingly lower cost per ton for mining; 3. Tremendous saving per ton in smelting charges; 4. Higher recovery per ton in all metals. It is officially stated that under its new contract, Utah Consol. will save $365,000 per annum in smelting charges. This alone is equal to $1 per ton, or 2c. a pound.——Boston News. Bur. says: Stockholders were notified last Nov. by Prest. Broughton that one of the provisions of the contract entered into between his company and Wm. D. Thornton for the smelting of Utah Consol. ores for 10 years, was that the Utah Co. had an option upon $500,000 par value of the capital stock of any company formed. An ownership of 5,000 shares would be worth, at today's market prices, about $150,000 in excess of the subscription prices. The investment should return the company $30,000 revenue per annum in divs.

Utah Copper—Hayden, Stone & Co.'s market letter says: Co.'s report covers a period of 18 months in order to bring the fiscal year, as desired, around to Jan. 1. The results have been most satisfactory during that period, the company producing 54,051,212 lbs. of copper which it sold at an average of 13 20-100 cents. The average cost was 8 85-100 cents, showing earnings for the period of $2,402,153. Out of this, interest on the bonds of $48,755 was paid and divs. were declared amounting to $696,378, leaving a surplus from operations of that period of $1,665,010. During the year the acreage, fully and partially developed, was increased from 72 to 80 acres, and 8,000,000 tons were added to the ore reserves. This is probably more than four times as much ore as was extracted. All but a small balance of the convertible bonds have been exchanged for stock, and the company closed the year with a surplus of net quick assets of nearly $1,500,000. Taking the report as a whole, we fail to recall a single instance of similar results by any other company for the first year of operations on a large scale.

Virginian Ry.—Representatives of the Dickinson coal interests of W. Va. have given the Virginian Ry. a contract for 1,000,000 tons of bituminous coal.

Vulcan Detinning—Total surplus yr. end. Mar. 31, $515,743, an increase of $127,049. President says chiefly due to improvements and extensions made during the year in the company's plant, and in the operation of the iron foundry plant, purchased in June, 1908. ——W. C. Langley & Co. Mkt. Letter says: Vulcan Detinning earned 12.2 p. c. on the pfd., compared with 4.7 p. c. the previous year.——Chronicle says: Vulcan Detinning—The suit pending about 2 years in N. J. against the Am. Can Co. has been decided in favor of the Vulcan. There is an appeal pending, but this is only over the form of the decree.

Wabash—The N. Y. Eve. Post says: It is understood that the Wabash will be able to pay off the $6,160,000 notes maturing on May 10, without the aid of bankers. Two years ago it was with some difficulty that these same notes were renewed for two years, with the assistance of bankers. Conditions have greatly changed. Then there was no sale for the first refunding and extension 4 p. c. Wabash bonds, whereas now they have a large open market. These $6,160,000 notes are secured by $6,600,000 first mortgage bonds and $10,000,000 (all) of the capital stock of the Wabash-Pittsburg Terminal R. R., which is in the hands of a receiver, and $4,800,000 of the Wabash R. R.'s own 4 p. c. refunding and extension bonds. The liquidation of the notes will release this collateral.——Reported Wabash somewhat more than covered its fixed charges during two-thirds of the fiscal year. The latest reports of gross earnings afford ample ground for believing that the company will do much better than that in the final months of the year. Statement to the Stock Exchange shows decrease of about $8,000,000 in refunding bonds carried as an asset. These bonds have been sold since last November, and the proceeds used to retire half of the $6,000,000 of notes and to provide funds for improvement as well as to take up equipment notes.——Chicago News Bureau says: Plans are said to be making which will change the control of the St. Paul & Des Moines R. R. It is said that the Wabash desires the property for the purpose of reaching Minneapolis and St. Paul over its own rails.——U. S. Investor says: Looking at Wab. pfd. from the most optimistic viewpoint, it is evident that the purchasers of these shares must be content to wait a considerable length of time for results, the advance of the last few months having discounted the improved operating conditions.——Of all Gould lines we do not think that there is one which is in as good condition and has as bright a future as the Wabash, which owns about 2,000 miles and extends from Toledo and Detroit to St. Louis, Chicago, Kansas City, Omaha and Des Moines, with numerous branches and trackage over the Grand Trunk Railway to Buffalo. Over the Wheeling & Lake Erie and Wabash Pittsburg Terminal it enters Pittsburg, the greatest tonnage producing center in the world. Its capitalization is smaller than that of any other railroad in the same territory. The physical condition of the property is better than that of any other Gould road. This, and the fact that the railroad taps the most valuable territory in the Central West, may be what caused Mr. Harriman to look upon the Wabash as a very valuable acquisition and seems that he cares more for it than for any other part of the Gould system. In fact, the Wabash is the only Gould road whose rejuvenation he has already taken into hands as witnessed by the traffic arrangement under which the Wabash will ex-

change freight with the Union Pacific at Kansas City. This arrangement has just been supplemented by the establishment of an express freight service from Pittsburg to the Pacific Coast, by which freight can be shipped to the Coast at a saving of thirty-six hours in time. It is understood that both the New York Central and the Baltimore & Ohio will avail themselves of this service, which will greatly enhance the earnings of the Wabash. It would not surprise Wall street to see the Wabash become one of the best railroad properties in the Central West.——The first westbound transcontinental train of the new Wabash-Union Pacific service passed through Kansas City late on Sunday.

Western Maryland—N. Y. Eve. Post says: The insolvency of the Western Maryland was largely brought about through a too rapid acquisition of properties, including coal lands. It sold bonds so long as it had a market for them, and then sold short-term notes secured by bonds. Its inability to renew the notes precipitated a receivership in 1908. It is believed that the Rockefeller interests will have an important part in the reorganization. No plan of reorganization has yet been offered for either of the three bankrupt Gould properties—the Western Maryland, the Wabash-Pittsburg Terminal, and the Wheeling and Lake Erie.

Western Pacific—N. Y. News Bur. says: The advance in price of Western Pacific first mortgage bonds to 98½ bid on the curb, with large transactions, is due to the fact that the balance of the $50,000,000 bonds held by the Blair syndicate have been disposed of to banking interests here and in Holland. No more bonds can be issued, as the $50,000,000 first mortgage bonds are now closed. It is expected that the bonds will cross par and commend themselves to careful investors, being about the only clean first mtg. bond controlled by the Denver & Rio Grande on the market selling below par. It is also believed that these bonds will be favorably affected by the likelihood of strong banking firms financing the Gould properties.——W. St. J. says: It is estimated that from the day on which it opens the Western Pacific will begin with earnings of more than $9,000 per mile. As the western link of the Denver & Rio Grande R. R. and allied lines comprising a system of some 18,000 miles, the Western Pacific will immediately take up the distribution of the westbound traffic arising on these lines, together with its share of business from other roads. At the San Francisco terminal of the line the Western Pacific has most adequate terminal facilities, valued in the neighborhood of $5,000,000, consisting of 269 acres on the San Francisco side of the bay, of which those devoted to the local freight terminal, 53 acres, are in the heart of the city, only seven blocks from the City Hall. Connecting with this is the water front equipment of storage yards and docks comprising 216 acres. On the Oakland side there are 361 acres; between the two lies the most direct passage across the bay. The engineers state the line will be open for operation in the fall.——N. Y. Eve. Mail: To-day Denver is "bulled" far beyond its intrinsic value because of the profits to accrue from its Western Pacific investment. Its common stock has risen nearly 300 p. c. Western Pacific first mtg. 5 p. c. bonds, which President Jeffery, in his financial pioneering for the road, had to sell at 90, and at which some very good bond buyers have been turning up their nose until the market has passed beyond them, have sold above 98 and are regarded as one of the best of the new bonds available. Western Pacific stock—the Denver and Rio Grande has $50,000,000 of it in its treasury—has been selling this week close to $40 a share, which gives the Denver a $20,000,000 equity if the market price means anything. This value is probably an overrated one and may be transient, for it looks as though the California people, who received $25,000,000 of Western Pacific stock for the small ones which went into the Western Pacific and which represent an actual cash outlay of a few hundred thousand dollars, were trying to realize some cash from securities that, until recently, had only a nominal value. The Denver and Rio Grande holds control of the Western Pacific by means of its $50,000,000 of stock. The cost of the line will be about $60,000 a mile. It is believed that it will earn, in the calendar year 1910, between $8,000,000 and $10,000,000 gross. How much it can earn after that will depend somewhat on the ability of the Denver and Rio Grande to handle the traffic going through the Denver and Pueblo gateways.——Boston News Bureau: It is claimed that Western Pacific will be able to haul as heavy a train over the summit of its line with one engine as the best of existing lines handle with three. There will not be a foot of snowshed on Western Pacific.

Western Union—Fin. World says: Has now fully recovered from the effects of the strike and again enjoys smooth sailing. It is believed that it will earn over 6 p. c. on the stock this year.

Westinghouse Elec. & Mfg.—An official states that conditions at the works are constantly improving. Business for April so far shows an increase over March, and indications for the current month are extremely bright. Business in March showed an increase of 30 p. c. over Feb.

Wisconsin Centl.—Newman Erb, ex-president, says: "The management of the Wisconsin Central, the Soo Line and the Canadian Pacific authorize me to say that they strongly deprecate the advance in Wisconsin Central common, which has been engineered by rumors of a coming dividend. They feel that many are purchasing the stock in the expectation of early returns, on account of its new connections, while as a matter of fact there can be no dividends, and there will be none, until all other re-

quirements of the property have been taken care of. This means several years at least. Personally, I am not interested in the market movements of the stock. I am not short a single share. This applies also to my old associates in the property."——N. Y. Evg. Mail: Supplementing the recent statement of Newman Erb is the announcement made to-day by President Edmund Pennington that the time is somewhat remote when dividends will be paid on the common stock. "There are a great many improvements," says Mr. Pennington, "that must be made on the property before this can be done, and of course the money will have to come from its earnings. Our board has given no thought to the subject of dividends."—Boston Finan. News says: The lump purchase of Wisconsin Central com. by the "Soo" amounted to 81,000 shares. All but a few thousand shares of the pfd. stock have been deposited under the proposed plan to give 4 p. c. leased line certificates in exchange.——W. St. J. says——By the acquisition of the Wisconsin Central the Soo gains an entrance into Chicago. It puts itself and its parents, the Canadian Pacific, in closer touch with the American roads, increasing its field.——Lease to the "Soo" line was ratified Apr. 14, 1909.

INQUIRIES

Is there any point in connection with the science, methods or customs of the various markets which you would like to have elucidated? If so, write questions briefly and they will be answered in this column or otherwise. If personal reply desired, enclose stamped envelope. Address Inquiry Department.

☞ We do not give advice or opinions upon securities or probable market movements.

I AM thirty-five years of age, a clerk (bookkeeper) by profession and earn $1800 (which is almost the limit) a year. Have been trading in Wall Street for the last six years. I made a failure at first, but lately am quite successful. I am contemplating giving up my position and devoting my entire time to speculation. Here is my program: My $5000 capital will be divided among six brokers, will trade generally in odd lots, with a stop-loss order on every trade; will be satisfied with little profits and above all will not "lose my head" when I am successful. So far, my success has been limited owing to the fact that my daily work prevents me from making quick turns, so I am thinking of going into it altogether.

I have had quite some arguments over it with friends who advise me not to be foolish, insisting upon it that whoever speculates in Wall Street at the end is a loser. I have great confidence in myself and in my opinion. I ought to make a good living. What I want to know is, if such a thing is an impossibility?

Your kind advice will be highly appreciated.

A. We advise you not to give up your position until you have had three or four more successful years in the stock market. We congratulate you on being able to stick at the proposition until your initial failures were wiped out by your recent profits. Trading away from the market is very different from operating at a ticker, and your having made a success in one case is no proof that you would do equally well under entirely different circumstances.

Your mental attitude would be altogether different if you felt that you had to make your living out of the market. This "attitude" has a great deal to do with one's success, hence we do not think that you would retain your calm judgment unless you had a certain amount set aside to provide for living expenses during a considerable period. This should be separate and distinct from the capital you intend to employ in speculation. The above is doubly true if you have a family dependent upon you. Many people after a period of success have thought themselves equipped for the work and have given up their positions, only to find that they could not make a go of active trading. Having failed in this they became discouraged, and were never after able to do as well in their business.

If you are making money in your present circumstances, by all means continue along these lines. The fact that you are prevented by your daily work from making quick turns may be very much to your advantage, for in active trading you

would find yourself taking a great many losses.

It is not so that whoever speculates in Wall Street loses in the end. We know of many fortunes that have been made in active speculation, and in many instances the possessor started in a small way.

We do not see the advantage of your dividing $5000 among five or six brokers. If you are going to trade in odd lots, you do not need that much capital. If you spread out you will find yourself unable to watch all the issues in which you are interested. You had better trade with one house, and in not more than one or two stocks at a time.

You have probably made your money in the Bull Market. Can you sell short with equal facility? Some day this market will go down.

C. H. B.—We are afraid that you have no means of withdrawing securities from Ennis & Stoppani. If you had deposited securities as collateral you could pay up your debit balance and demand a return of the securities. We assume from your letter that you had a cash margin. Therefore, you will probably have to take your chances with the other customers.

J. C. McK.—To figure earnings on the market price, take the amount applicable to common dividends from the last annual statement. Then get the net increase for seven or eight months of the current fiscal year and estimate what this will be for twelve months. Add the latter amount to the first mentioned and divide by the amount of common stock. This gives you the earnings on par. Divide earnings on par by the market price and you have the earnings on market price.

C. V.—As a general rule small lots of stock should be delivered to you within a week from the date you buy them. But in case the transfer books of the company are closed and the odd lot dealer who sells the stock to your broker does not have the exact number of shares which you have bought, he is obliged to wait until the books open in order to have his certificate split up so he can deliver your lot. This should not happen often at present, however, because the majority of companies do not close their books. Stocks bought to-day are as a general rule delivered to-morrow. If purchase is made on Friday or Saturday they are delivered on Monday.

X. X.—We cannot recommend the houses you mention if they carry curb stocks on margin. Reasons for this will be found in Vol. 1 of THE TICKER.

We would advise you to place your case against the broker who will not remit in the hands of the New York police. Write Chief of Police, Mulberry street, New York, and state particulars.

The Bennett Curb list is as correct as any curb sheet published. None of them are any too accurate. Perhaps you did not get a square deal. There is no telling, owing to the unsatisfactory method of reporting sales in the curb market. Better trade with one of the curb brokers advertised in THE TICKER. We do not accept anyone whom we know to be doubtful.

H. J. F.—We know of no Curb brokers in St. Louis. New York has now practically the only Curb Market. Curb brokers are located here. You can place orders in New York Curb Stocks with any prominent St. Louis house which is connected with New York by private wire. Among these are * * * Judging from your letter you are totally inexperienced in the business. Would advise you not to trade until you have spent several months or years in study of the proposition. Too many people lose money trying to operate without sufficient experience. There is no difference between speculation in Curb securities and other securities. Better commence by reading all the back numbers of THE TICKER and you will probably get a line on what it is necessary to know before you can make money in stocks. There is no use trading unless you can make money.

J. D.—We are sorry that you cannot trace an actual profit on last year's subscription to THE TICKER, as this seems to be the opposite of what a great many of our subscribers have accomplished. It is impossible to reduce the matter to the few simple trading rules, and we should say that unless you are in touch with the ticker and can learn Tape Reading, it is best for you not to try to trade from day to day. No one can guess the small fluctuations of the market, but it can be done scientifically. This we endeavor to explain in our Tape Reading series. It is our intention to follow this series with another devoted to the interests of out-of-town readers who are not in close touch. No doubt you will find what you want in the latter.

S. A. S.—The article on speculation by Dickson G. Watts was originally called "Speculation as a Fine Art," and was published in the November, 1907, number of this magazine. It is better to average with the market than against it. We do not believe in buying on a scale down unless each lot is paid for in full. Each new low level reached in scale buying demands that you deposit additional margin on what you have and that you put up an initial margin on the fresh lot. Buying on margin on a scale down is the surest way of "going broke" that has yet been discovered. When averaging with the market it is also suicidal to operate without a stop order, a

stop to be kept close behind your average buying or selling price, the object being to limit your possible loss to your original risk. Of course, it is best to have your stop still higher if the market permits, but at least you can arrange stops so that as the price advances, your risk will be gradually eliminated.

A. B. C.—Your order to sell Goldfield Consolidated on stop at 1-16 below the market price was entirely too close. Allowance must be made for fluctuations. In a stock of this kind we should not keep the stop order closer than a half point from the highest price as the latter is reached. Regarding the lot sold at below the published price for the day, you are advised to ask your broker for a copy of the official list showing the sales he made for you at the price reported. These lists are not always accurate, however.

In buying stock in a weak market you have to watch your chance, and use your best judgment. When the time seems ripe, buy at the market. If you cannot go to the broker's office, but are obliged to place your orders by mail or telephone, figure out the point at which you think the stock should decline, and place your order accordingly.

C. H. E.—As we never give opinions or advice on the market, we cannot answer the majority of your questions. If you are sure that you are wrong in being short of Union Pacific, you had better take your loss. It is always better to take a small loss than a big one. We never advise taking both sides of the market at once. When you were long of Northern Pacific it was poor policy to go short of Union Pacific. You were then straddling the market and if you made any money at all it would be purely by accident. To buy twenty shares of Union Pacific against the twenty shares which you are short would put you out of the market no matter what your theory was as to your position. You had better decide whether you are a bull or a bear and take a stand accordingly.

Judging from your letter you are trading with insufficient knowledge and with money that you cannot afford to lose. If this is so you had better get down to a point where your trading will not worry you. No one can operate when his nerves are on edge.

Union Pacific might go to 300 or it might go to par. We do not know. Nor does anyone else. The stock is earning 20 per cent, but if earnings and dividends should be reduced it might have a big decline. If dividends should be increased to 15 per cent there is no reason why the stock should not sell at 300. We have no opinion in the matter, however.

If you cannot take a loss in the market you had better not trade, as no one can trade without losses.

E. V. R.—We cannot give you an opinion on the questions desired. If you wish to hold your stocks until they reach the high prices of 1906, the records will show you when this time arrives. The poorest stocks are not necessarily those which have the smallest rise, and in making comparisons with 1906, you had best remember that a great many changes have been made in dividends. Earnings have also undergone violent fluctuations. In some cases extra distributions have been made. In Great Northern preferred you must allow for the value of Great Northern Ore Stock which was distributed. In Northern Pacific, you must allow for the 20 per cent cash dividends which was paid. Southern Railway preferred has discontinued dividends. New York Central and Pennsylvania have reduced dividends.

The time to sell is when there is a boom without regard to past records. When prices seem to have discounted all the good news that the future can contain, there is nothing left to put them up on. The only time you are sure of is the present, and to say that the "stocks must rise at least 10 points further by May 15th" is merely guessing. There is no "must" in the stock market. As we see no evidence of calculation in your letter, we presume you are also guessing when you select certain stocks as likely to have the greatest rise before that time.

We thank you for your suggestion as to including dividends in the Bargain Indicator dividends now paid; but as earnings are the best guide to values we do not wish to confuse them with present dividends.

W. W. McK.—Clement B. Asbury, insofar as integrity and sincerity goes, is in the same class with Thos. Gibson. Asbury's methods are totally different from any other news bureau in the city. He was formerly in the employ of an old-established Stock Exchange house. His business was to gather information for certain very large London Stock Exchange houses who were clients of said firm. This information was cabled to London and, we have reason to believe, resulted very satisfactorily to all concerned. Of late, Asbury has branched out for himself and has as clients a number of Stock Exchange Houses, important operators and some small operators. We have had occasion to personally examine his method of gathering information and must say that he is working scientifically along exclusive lines. He keeps careful records of what is going on in the different stocks and any information which he procures from his own confidential sources must match up with the transactions which appear on the tape. Rest assured, if he was one of those "Market Letter Fakes" as you call them, his advertisement would not appear in this magazine.

[Ed. Note.—This is putting it strong for Asbury and opens the way to criticism. Let anyone who does not merit approbation and who thinks this column is "influenced" come down here and try it on.]

Mechanical Trading

EDITOR "The Ticker":

Dear Sir—

Why, Oh! why, use valuable space in advertising Mr. Manwarning, or any one else, for that matter, who claims to have a purely mechanical and "automatic" system warranted to beat the stock market?

It is hard to believe that anyone who had succeeded in working out such a thing would disclose it before using it to make a few millions for himself. Indeed, until he had so used it the system would not have proved itself reliable and workable. And I cannot believe that he would then be such a dog in the manger as to destroy the chances of all his successors. If I knew that anyone had such a system I should promptly turn my attention to some other line of effort than stock trading, because the inevitable result would be to make trading impossible. The market could not stand against a certainty as soon as the certainty was known to exist.

Does it not strike you that even the discussion of such a thing as a certainty in stock trading is liable to encourage the delusions of those numerous and pitiable beings who spend their time trying to work out elusive "cannot lose" devices instead of devoting their energies to the serious study of the market and of the details of business-like trading? I am not alluding to Mr. M. as a pitiable being. Quite the contrary. If he has such a system as he describes I congratulate him, hope he will make a few millions, if, indeed, he has not already done so, and beg to express the further hope that he will carefully destroy every vestige of his system on his retirement from trading so that those of us who are left may still have a fighting chance!

Seriously, my dear sir, it seems to me that the "Ticker" contains so much that is really good and helpful that I am sorry to see anything in it that is liable to mislead some, at least, of the very class that need wise guidance.

Yours faithfully,

J. L. B.

Answer—If there's anything The Ticker does appreciate it's a good stiff criticism. It makes us stop and think whether or not our critic is justified. It is of actual benefit to us.

The Keynote of The Ticker is METHODS. It expounds whatever comes to hand in the way of an idea which will help its readers make money in the market. It favors no one method to the exclusion of others, and, realizing that the world moves, it is always ready to consider anything new in this line —it is not bigoted.

When our earlier numbers were printed we had never come in contact with a man who had successfully operated a mechanical system. We did not believe such a thing was possible. Since Mr. Manwaring came into this office (as described in the June, 1908, issue), and demonstrated to us the practical, money-making value of his plan we have reversed our former opinion regarding mechanical methods.

Furthermore, such articles as appeared have brought communications from many other alleged discoverers of mechanical systems. A large number of these have been thoroughly tested out by us. The result seems to be that there are many plans which, operated under proper conditions, will show profits.

The term "proper conditions" means a good deal, however. It means that the operator must have: (1) Sufficient capital. (2) He must use no judgment. (3) He must stick to his plan even through losing periods. (4) He must act on every indication. (5) His preliminary test must go back for years to prove that the average will show him a net profit. There are other factors, but these are most important.

Practically every plan which we have examined has contained some vital defect, with the sole exception of Mr. Manwaring's. His method requires the least capital of any, is automatic, simple and positive. We make this statement advisedly, having personally spent many long, hard hours in testing and proving his method in all its aspects.

As to the propriety of our publishing the results of these tests, controversies, etc., it is our belief that having established the existence of a successful mechanical plan, a delusion regarding it cannot exist. A delusion is "a persistent belief of what has no existence in fact."

It seems to us, therefore, that those numerous and pitiable beings to whom you refer, may henceforth work toward something definite and tangible. In establishing the truth of Mr. Manwaring's claim we have lifted all these people out of the "deluded" class.

Mr. Manwaring has accomplished nothing that is impossible to any other person of ordinary intelligence. In evolving this method, he has employed chiefly the kind of genius which Thomas Edison has defined as "Sweat." The five or six years of continued effort necessary to complete the plan would mean double that time to a man of less powerful physique. Personally, we should not care to undertake it.

As to the publicity given to Mr. Manwaring, it is but little more than that given Messrs. Gibson, Benton, Babson and others, all of whom have assisted in establishing more scientific speculative and investment methods.

What basis have you for claiming that "a serious study of the market" should not be on mechanical lines? If there is a path across lots why should a man not take it? No high-strung individual, with a taste for Tape Reading, will plod through statistics and tabulations; nor will a "natural born"

statistician and analyst adapt himself to the former art.

In stating that the thing has been done, and that others may work it out for themselves if they can, we see no ground for self-reproach.

If Columbus had not returned to Spain and announced his discovery in such a way that the world was apprised, Wall Street might today be populated by Indians instead of bullzanbares. In coming to us, Mr. Manwaring has simply established and recorded his claim.

He does not pretend that he can make a million on a small capital, but that he can make upwards of 100 per cent per annum. This he seems to be proving by his actual market operations. As to his plan making trading impossible, you must admit that it would first be necessary for every trader to know the plan and use it exclusively—a condition which there is no reason to fear.

Concentration

Just as the general who scatters his soldiers all about the country insures defeat, so does he whose attention is forever diffused through so innumerable channels that it can never gather in force on any one point. The human mind, in short, resembles a burning-glass, whose rays are intense only as they are concentrated. What is more powerless than the scattered clouds of steam as they rise in the sky? They are as impotent as the dew drops that fall nightly upon the earth, but concentrated and condensed in a steam-boiler they are able to cut through solid rock, to hurl mountains into the sea, and to bring the antipodes to our doors. By dividing his time between too many objects the man of genius often becomes diamond-dust instead of a diamond. Many a person misses being a great man by splitting into two middling ones.

Elbert Hubbard says, "Failure is only for those who think failure," It's just another way of accrediting the failures to cowardice. For as surely as we commence to fear, just so surely we commence to weaken.

New Financing

The *Journal of Commerce* and *Commercial Bulletin* has compiled exhaustive data showing that between March, 1909, and December, 1910, inclusive, the railroads and industrial corporations of the United States must mee maturing short-term notes and bonds aggregating not less than $731,921,000, of which just over half a billion fall due in 1910, including $327,560,000 notes. Arrangements have already been made for the financing of almost one-half of these maturing obligations, but applications for capital during the period covered cannot fail to be heavy. Many note issues will be paid off through the flotation of long-term bonds bearing lower rates of interest.

If you don't know what to do, suppose you don't.

Should you envy the successful or credit their success to luck? No, their methods are usually founded upon the fundamental principles governing success and it behooves you to study the principles.